SIXTY-FIRST REPORT

COMMITTEE ON AGRICULTURE
(2013-2014)

(FIFTEENTH LOK SABHA)

MINISTRY OF AGRICULTURE
(DEPARTMENT OF AGRICULTURE AND COOPERATION)

RASHTRIYA KRISHI VIKAS YOJANA—AN EVALUATION

Presented to the Hon'ble Speaker on 15.03.2014
Presented to Lok Sabha on 2014
Laid on the Table of Rajya Sabha on 2014

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CONTENTS

PAGE

COMPOSITION OF THE COMMITTEE (2013-14) ..... (iii)

COMPOSITION OF THE COMMITTEE (2012-13) ..... (v)

COMPOSITION OF THE COMMITTEE (2011-12) ..... (vii)

INTRODUCTION ..... (ix)

PART I

CHAPTER I INTRODUCTORY

(i) Objectives 1

(ii) Operative Strategy 2

CHAPTER II CRITERIA FOR FUND ALLOCATION

(i) Eligibility Criteria for Fund Allocation 4

(ii) Sanctioning of Projects by States 9

(iii) Public Private Partnership under RKVY 11

(iv) Fund Utilisation 12

CHAPTER III IMPLEMENTATION

(i) Schemes under RKVY 14

(ii) Monitoring of RKVY 17

(iii) Representation from a Former Managing Director, Haryana Seeds Development Corporation, Panchkula, Haryana (HSDC) 24

PART II

Recommendations/Observations of the Committee 27

ANNEXURES

I. State-wise/Sector-wise number of Projects 32

II. State-wise list of flagship projects documented by National Institute of Rural Development, Hyderabad ... 34

PAGE

III. Representation from a Former Managing Director of Haryana Seeds Development Corporation Ltd., Panchkula, Haryana 39

IV. Response received from the Ministry of Agriculture (Department of Agriculture and Cooperation) on the representation 50

APPENDICES

I. Minutes of the Twelfth sitting held on 7.1.2013 68

II. Minutes of the Eighteenth sitting held on 12.2.2014 71

III. Minutes of the Twentieth sitting held on 3.3.2014 73

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18. Shri Rajaiah Siricilla
19. Shri Patel Kishanbhai V.
20. Dr. Vinay Kumar Pandey 'Vinnu'
21. Shri Hukumdeo Narayan Yadav

Rajya Sabha

22. Shri Satyavrat Chaturvedi
*23. Vacant

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* *Vice* Shri A. Elavarasan who ceased to be the Member of the Committee on his retirement from Rajya Sabha on 24 July, 2013.

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28. Shri Rajpal Singh Saini
29. Shri Shivanand Tiwari
30. Shri S. Thangavelu
31. Shri Darshan Singh Yadav

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28. Shri Upendra Kushwaha
29. Shri Bharatsinh Prabhatsinh Parmar
30. Shri Rajpal Singh Saini
31. Shri S. Thangavelu

*Nominated to the Committee on 04.05.2012.

INTRODUCTION

I, the Chairman, Committee on Agriculture, having been authorized by the Committee to submit the Report on their behalf, present this Sixty-first Report on 'Rashtriya Krishi Vikas Yojana—An Evaluation'.

2. The Committee held a Sitting for briefing of the subject by the representatives of the Ministry of Agriculture (Department of Agriculture and Cooperation) on 07 January, 2013 and took their oral evidence on 12 February, 2014.

3. The Committee considered and adopted the Report at their Sitting held on 03 March, 2014.

4. The Committee wish to express their thanks to the representatives of the Department of Agriculture and Cooperation for furnishing the requisite information to the Committee in connection with the examination of the subject.

5. For facility of reference and convenience, the Observations/ Recommendations of the Committee have been printed in bold letters in Part II of the Report.

NEW DELHI;
03 *March*, 2014
12 *Phalguna*, 1935 *(Saka)*

BASUDEB ACHARIA,
Chairman,
Committee on Agriculture.

PART I

CHAPTER I

INTRODUCTORY

Rashtriya Krishi Vikas Yojana (RKVY) was launched in the Eleventh Plan against the backdrop of faltering growth in agriculture during Ninth and Tenth Plan period. In the 53rd meeting of the National Development Council it was resolved to introduce an Additional Central Assistance Scheme (ACAS) for agriculture & allied sector. RKVY Scheme was announced by the Prime Minister in his Independence Day speech and it was rolled out in the month of September, 2007 itself. Accordingly, RKVY was designed as an ACA scheme, with complete flexibility and autonomy to the States to choose projects specifically tailored to their conditions for generating growth and development in agriculture and allied sectors. It had a built in incentive mechanism to encourage States to allocate more on agriculture and allied sectors. According to the Ministry of Agriculture (Department of Agriculture and Cooperation), the scheme has been able to meet its objectives to a large extent during the XI Plan period with rejuvenation of State agriculture through RKVY project based activities leading to agriculture growth of nearly 3.64%, despite two major droughts. Further, by linking RKVY allocation with State plan expenditure on agriculture & allied sector, RKVY was able to catalyse significant growth in percentage share of States' allocation to agriculture and allied sectors from 4.88 % (Rs 8770.16 crore) in 2006-07 to 6.04% (Rs. 22,158 crore) in 2011-12 and 6.33% (Rs. 36,720 crore) during 2012-13. In addition, introduction of sub schemes under RKVY window has helped to address national priorities in chosen sectors/crops in a focused manner.

1.2 The Department of Agriculture and Cooperation (DAC) have stated that RKVY is a transformational jump in evolution of agricultural development schemes from variegated schematic approach followed so far through diverse but strait-jacketed schemes to a completely new approach in agriculture planning by allowing the States to plan their strategy and design appropriate schemes to implement that strategy with complete flexibility in scheme designs and autonomy in its implementation.

(i) Objectives

1.3 Broad objectives of RKVY Scheme are as under:

(i) To incentivize the States so as to increase public investment in agriculture and allied sectors;

(ii) To provide flexibility and autonomy to the States in the process of planning and executing agriculture and allied sector schemes;

(iii) To ensure the preparation of Agriculture Plans for the districts and the States based on agro-climatic conditions, availability of technology and natural resources;

(iv) To achieve the goal of reducing the yield gaps in important crops through focused interventions;

(v) To maximize returns to the farmers in agriculture and allied sectors;

(vi) To ensure that the local needs/crops/priorities are better reflected in the agricultural plans of the States; and

(vii) To bring about quantifiable changes in the production and productivity of various components of agriculture and allied sectors by addressing them in a holistic manner.

(ii) Operative Strategy

1.4 In their Annual Report (2012-13), the Department of Agriculture and Cooperation has stated that RKVY Scheme has been formulated with two strategic objectives in mind:

(i) to incentivize States to allocate more funds for agriculture and allied sector; and

(ii) to ensure that States focus on additional growth in agriculture and allied sectors by better planning and undertaking appropriate growth oriented projects to achieve the goal.

1.5 This is to be done by drawing up plans for their agriculture and allied sector more comprehensively, by integrating livestock, poultry and fisheries reflecting needs/crops/ priorities taking into account their agro-climatic conditions, natural resources and technology. Funds under the scheme are provided to the States as 100% grant by the Central Government.

1.6 Allocation of funds to States is dependent upon additional resources committed by States for agriculture and allied sectors in their state plans and the growth projected and generated. There are no prescriptions about the projects, schemes and other programmes to be undertaken by States under RKVY. The Scheme provides complete

flexibility to States to choose what is best suited to their conditions to generate growth so as to enable the country to achieve the national target of 4% growth in agriculture and allied sector during Eleventh Plan and Twelfth Plan period.

1.7 During oral evidence on 12.02.2014, the Secretary, DAC submitted before the Committee as follows:

> "In the Eleventh Plan, finally as per the revised statistics furnished by the CSO, earlier they had furnished statistics that suggested that the agriculture and allied sector grew at the rate of 3.64 per cent during the 11th Plan, with agriculture itself growing at 3.8 per cent, but it was dragged down slightly by the forestry sector, which grew at 2.2 per cent. But as per the latest estimates that have been released by the CSO, actually we have achieved and surpassed the target of four per cent - the overall growth of the agriculture and allied sector during the 11th Plan period is now stated to be in the vicinity of 4.1 per cent. To that extent, RKVY has achieved the objective set for it during the 11th Plan period".

1.8 Regarding the coverage of the Scheme, the Department of Agriculture and Cooperation (DAC) in their Background Note stated that the projects under RKVY cover the entire gamut of activities in the agriculture and allied sectors. RKVY supplements and complements ongoing schemes and projects in the agriculture & allied sectors. RKVY emphasises on convergence through District Agriculture Plans (DAPs) and State Agriculture Plan (SAP) so as to eliminate overlap of resources & efforts to ensure optimal utilization of funds available through various Centrally Sponsored/State Plan Schemes.

CHAPTER II

CRITERIA FOR FUND ALLOCATION

(i) Eligibility Criteria for Fund Allocation

According to the DAC, the eligibility for assistance under the scheme depends upon the amount provided in State Plan Budgets for agriculture and allied sectors, over and above the baseline percentage expenditure incurred by the State Governments on agriculture & allied sectors. Each State has to ensure that the baseline share of agriculture in its total State Plan expenditure (excluding the assistance under RKVY) was at least maintained, and upon doing so, it will be able to access the RKVY funds. Earlier, at the time of introduction of the scheme the baseline was to be a moving average of the previous three years. However, in October 2007, the Planning Commission modified the baseline to be the minimum of the last three years.

2.2 In addition, for States to become eligible they were required to prepare Agriculture Plans for the districts and the State that comprehensively cover resources, identify gaps and indicate definite action plans.

2.3 Further, the DAC informed that the eligibility for assistance under RKVY largely depended upon growth and quantum of allocation provided for agriculture and allied sectors in the State Plan Budget. Once a State becomes eligible for accessing funds under RKVY, the quantum of assistance (or fund allocation) and the process of subsequent allocation to the State would be in accordance with the parameters stipulated by Planning Commission.

2.4 Regarding allocation of funds, the DAC stated that on becoming eligible, the States are allocated funds based on three parameters:

- Percentage share of net unirrigated area in a state to the net unirrigated area of the eligible states—20%
- Projected growth rates to a base year (2005-06) Gross State Domestic Product (GSDP) for agriculture and allied sectors to be applied to GSDPs to be by the end of the 11th Plan by the States—30%
- Increase in the total Plan expenditure in agriculture and allied sectors in the previous years over the year prior to that year—50%

2.5 The Secretary, DAC pointed out during evidence that the States had major issues in regard to the criteria drawn up for allocation of funds. He further informed the Committee that the DAC have conducted several rounds of discussion with various State Governments right from the first year of implementation of RKVY and the Member (Agriculture) of the Planning Commission had taken a meeting with the State Governments basically to understand and try and resolve the issues that the State Governments had on the apportionment of the funds because that was the most critical thing of the agricultural sector. So, during the Eleventh Plan while some minor corrections were made in the apportionment and eligibility formulas, but those modifications have actually been concretised during the Twelfth Plan.

2.6 While complaining the eligibility and criteria for allocating the funds under RKVY to the States, the Secretary, DAC stated as follows:

> "First of all, we see as to whether the State is eligible for receipt of funds under RKVY. There are two grounds of eligibility. The first and the simpler ground is that the State must have prepared the district agricultural plan and the State agricultural plan. Without this, they are not theoretically eligible to receive funds. Secondly, the State must have increased the relative budgetary allocation to agriculture and allied sectors over the past few years. That is, if the State had, for instance, been spending 5 per cent of the total plan budget allocation for agriculture and allied sectors, for them to be eligible to receive funds under RKVY for the current year, they have to spend slightly more than five per cent. If they go below that, then they become ineligible and they do not receive any funds. That is for the eligibility part of it.
>
> Once the State becomes eligible, then the funds are allocated on the basis of three criterias. One is the static criteria, which is the percentage share of net unirrigated area in the State to the net unirrigated area in the country. So, there is an inherent bias in RKVY for devolution of funds to rainfed areas. That is given a weightage of 20 per cent in the total allocation of funds. Then 30 per cent of the allocations of funds are governed by the projected growth rates in the agriculture and allied sectors till the end of the 11th Plan. The third and the most important criteria, where 50 per cent weightage is given, is, on the basis of the increase in the total plan expenditure of the State in agriculture and allied sectors. The more money the States put into agriculture and allied sectors through their own budgets, the more money they will be eligible to get under RKVY."

2.7 He further added:

"...release of funds would depend upon whether the State has expended all the money allocated to it in the previous year. For the current year, after the release of the first instalment - the first instalment is always released immediately on the basis of the approval of the minutes of the State level sanctioning committee by the Chief Secretary, once the Chief Secretary approves the minutes, the projects are approved, 50 per cent of the funds earmarked to the State are released - the next 50 per cent of the funds are only released if the State submits Utilisation Certificate for the previous year's allotment and 60 per cent of the current year's allotment."

2.8 Citing an example in the matter, the Secretary, DAC stated:

".... during the Eleventh Plan there were two conditions set forth for States to become eligible for any kind of RKVY grants. One was the drawing up of the District Agricultural Plan and the State Agricultural Plan. That condition has been retained in the Twelfth Plan as well. Other than that, the condition was that the baseline share of agriculture and allied sector in the State Plan should be at least maintained over the baseline expenditure of the past three years. Now, that started giving problems to the States. A lot of States felt problems because sometimes in the agriculture sector there are heavy dosages of investment required during certain years. For instance, there are certain projects which receive international funding, World Bank, or OECD or some other funding, may be Japanese funding. Once that funding pulls out, then the overall investment in the agriculture sector comes down and for no fault of the State the funding was reduced."

2.9 He further added that:

"…the change that has been made in the Twelfth Plan is that we have said that instead of the average level, earlier we were saying that it should be the average level of the past three years that has to be exceeded in relative terms for a State to become eligible for RKVY funding, now we are saying that the minimum level of the past three years should be maintained by a State for it to become eligible. So, that provides a little bit of comfort to the States for gaining eligibility for receiving RKVY funds.

Secondly, the States had major issues in regard to the formula we had drawn up for allocation of funds. After gaining eligibility how

are funds to be allocated amongst States. All states came up with different ideas and last time round, … there were three criterias for apportionment of funds. One was the percentage of unirrigated area in the State with reference to the total unirrigated area in the country. The idea being that States with maximum aridity or semi aridity would get a higher percentage of RKVY funds. Second was the growth in agriculture in the State and the third was the increased expenditure on the agriculture and allied sector in the States over the past three years. So, these three were the main criterias. Now, this time around, some States were finding it difficult to get what they thought was their appropriate share of funds because of this formula. For instance, the well irrigated States, such as Punjab felt they were being deprived of funds because most of agriculture in their State was irrigated.

Some States like the smaller States and the hilly States and the North-Eastern States, for example, Himachal Pradesh was saying that they already have been spending 10 to 11 per cent of their Plan expenditure on agriculture and there was no room of increasing that. So, this time we have tried to increase the number of criteria through which funds apportionment will take place so that there is broadening of the basket and when the State falls short of one particular criteria, it can make ground in the other criteria and therefore gain additional funds. So, while we have retained the percentage share of net irrigated area in an eligible State to the net unirrigated area, it was earlier 30 per cent it has now come down to 15 per cent. Also, because we want to incentivise the production of pulses and oilseeds of which India is always short of demand and we have to resort to import. So, we have taken the last three years average area under oilseeds and pulses. That becomes a criteria for distribution of funds. Then we have said that wherever the State has improved the Gross State Domestic Product in agriculture and allied sector, the highest GDP over the five years has been taken into account. …. One is increase in overall expenditure on agriculture and allied sector and within that, we have given emphasis to increase in expenditure on animal husbandry, dairying and fisheries as this has not been given that much importance by the State Governments like that of mainstream agriculture and horticulture. So, we have given special emphasis on animal husbandry, fishery and dairies and agricultural research and education. The increase in budget in the States will lead them to get better outlays under RKVY. Wherever the States have performed well, if they manage to bridge the yield gaps, we propose to reward them for that so that the State with the

minimum yield gap between potential yield and actual yield will get more funds as the States improve their performance, they will gain".

2.10 To a query about the growth in private investment as compared to public investment during the last five years, the Secretary, DAC said,

"Sir, I will have to actually collect and check the data on that."

2.11 When the Committee enquired about growth in productivity per hectare, the Secretary further said:

"We are looking at it in the yield gap. That portion is in the yield gap. If the yield gap narrows, that means the productivity has increased. That also has been given weightage."

2.12 The Secretary further added:

"The yield gaps are actually on the basis of existing technologies. There are huge yield gaps across the Country…Punjab is close to maximizing and actualizing its potential yield. But there are other States in the Country, where the gaps are huge and in certain crops the gaps are bigger than in other crops."

2.13 RKVY funds were available to the States in two streams. Under Stream I which accounts for at least 75% of the allocation specific projects/schemes/programmes as approved by the State Level Sanctioning Committee and in line with the priorities defined in the district and State Plans, can be takenup. Under Stream II which accounts for the remaining 25% of the allocation, the States can spend on strengthening of the existing State schemes and for filling resource gaps under the State Plans. Funds are released under RKVY in two installments of 50% each.

2.14 The DAC further stated that based on feedback received from States, experiences garnered during implementation in XI Plan and inputs provided by Stakeholders; Operational Guidelines of RKVY were revised to not only enhance efficiency and efficacy of the programme but also its inclusiveness during XII Plan period. Restructured RKVY, which would be operational from 2014-15, would have four streams of funding:

(1) RKVY (Production Growth) with 35% of annual outlay,

(2) RKVY (Infrastructure and Assets) with 35% of annual outlay;

(3) RKVY (Special Schemes) with 20% of annual outlay; and

(4) RKVY (Flexi Fund) with 10% of annual outlay (States can undertake either Production Growth or Infrastructure & Assets projects with this allocation depending upon State specific needs/priorities).

2.15 States can take up any project under RKVY (Production Growth) to raise production and productivity in agriculture and allied sectors that were not included in other two channels/streams. Projects proposed under RKVY (Production Growth) shall normally emanate from the District and State Agriculture Plans. RKVY (Infrastructure and Assets) would include projects that would be selected on the basis of normative requirement of infrastructure, actual availability thereof and the gap in agriculture infrastructure in the State.

2.16 RKVY (Special Schemes) would continue to comprise of those national priorities which might be so notified by Government of India from time to time. Funds under the special schemes as well as for 'production growth' and 'infrastructure & assets' streams would be made available to the States as determined by DAC in two instalments of 50% each.

(ii) Sanctioning of Projects by States

2.17 When asked to state the procedure for sanctioning of Projects, the DAC informed that RKVY has provided considerable flexibility and autonomy to the States in the planning and executing of agriculture and allied sectors schemes. Each State has a State Level Sanctioning Committee (SLSC) under the chairmanship of the Chief Secretary and with representation of all concerned departments including agriculture universities. SLSC can meet as often as required but at least once in a quarter. The SLSC is responsible for:

- Sanctioning the projects under Stream I of RKVY.
- Monitoring the progress of the sanctioned projects.
- Ensuring that no duplication of efforts and resources takes place.
- Commissioning/Undertaking field studies to monitor the implementation of the projects.
- Initiating evaluation studies from time to time, as may be required.
- Undertaking any other project of importance to the State's agricultural growth.

- Ensuring that there are no inter-district disparities with respect to financial patterns/subsidy assistance in the projects.

2.18 Accordingly, under the Scheme, State Level Sanctioning Committees (SLSCs) have been constituted under the Chairmanship of Chief Secretary with Secretary (Agriculture) as Member Secretary of the concerned State/UT along with other members from allied departments, State Agriculture Universities, Department of Agriculture & Cooperation (GoI), Department of Animal Husbandry, Dairying & Fisheries (GoI), and Planning Commission (GoI). The SLSC appraises and approves the projects under Stream-I. The State Agriculture Department is the nodal Department for implementation of the scheme.

2.19 The DAC clarified that the physical target set out for RKVY are post-facto. They are set only after the SLSC sanctioning a particular project. This physical target would depend upon each project and is fixed in each project separately. So once, a project stands approved, then funding is automatically followed for that project.

2.20 An indicative list of focus areas has been provided for in the RKVY guidelines. Some of the areas covered were:

(i) Integrated development of major food crops such as wheat, paddy, coarse cereals, minor millets, pulses and oilseeds

(ii) Agricultural Mechanisation

(iii) Activities related to enhancement of soil health

(iv) Development of rainfed farming systems

(v) Support to State Seed Farms

(vi) Integrated Pest Management

(vii) Strengthening of Market Infrastructure

(viii) Extension Services

(ix) Animal Husbandry and Fisheries

(x) Promotion of Horticulture

The States were however free to choose other components/activities, but ensure that they were reflected in the District and the State Plans.

2.21 State Governments, keeping in view their priorities, have approved project proposals for implementation under RKVY in wide ranging sectors which include crops, horticulture, organic farming, farm

mechanization, micro irrigation, watershed development, marketing, storage, dairy development, fisheries, etc. Critical infrastructure such as State Seed Farms, Soil and Fertiliser Testing Labs, etc have received substantial support under RKVY. In all, 5,768 projects have been approved by the States for implementation of which 3,163 projects have been completed so far.

(iii) Public Private Partnership under RKVY

2.22 In order to augment the current government efforts in agricultural development by leveraging the capabilities of the private sector, Public Private Partnership for Integrated Agriculture Development (PPPIAD) has been recently launched under RKVY. The scheme envisages facilitating large scale integrated projects, led by private sector players in the agriculture and allied sectors, with a view to aggregating farmers, and integrating the agriculture supply chain with financial assistance through RKVY. The main features of PPPIAD are:

- Corporates to propose integrated agricultural development projects across the spectrum of agriculture and allied sectors, taking responsibility for delivering all the interventions. Each project is to target at least 5000 farmers, spread over the project life of around 3 to 5 years.
- Complete flexibility in design, but ensuring an integrated value chain approach, covering all aspects from production to marketing.
- Average investment per farmer to be quantified with an average of Rs. 1 lakh per farmer as a desirable benchmark. Government support through RKVY to be limited to 50% of the overall per farmer investment proposed with a ceiling of Rs. 50,000 per farmer through the project cycle.
- Key interventions must include, mobilising farmers into producer groups, technology infusion, value addition and marketing solutions.

2.23 During the oral evidence, the Secretary, Agriculture stated as follows:

> "The idea was that this scheme would incentivize the States to increase their plan allocation to the agriculture and allied sector because as this Committee is aware, the gross capital formation in agriculture and allied sector was generally perceived to be

unsatisfactory. It was thought that if the Government starts pumping in more money into this sector, that would crowd in or pull in the private sector investment as well, which would be to the overall benefit and to the overall growth of the agriculture sector."

2.24 According to the preliminary findings by the Institute for Social and Economic Change, Bengaluru, RKVY has had a very good impact and there is a very strong correlation between RKVY spending and private gross capital formation. It is not only pubic but private capital formation. The Committee were also informed that 70 percent of the growth in the investments in agriculture is from private investment.

(iv) Fund Utilisation

2.25 Planning Commission had made a Plan Allocation of Rs. 25000 crore for RKVY for the 11th Plan. During XI Plan, Rs. 22,408.76 crore was released to States out of which Rs. 21,586.6 crore was utilized in implementing 5768 projects in certain broad categories namely; crop development, horticulture, agricultural mechanization, natural resource management, marketing & post-harvest management, animal husbandry, dairy development, fisheries, extension etc.

2.26 Elaborating on the allocation and utilization of funds under this scheme, the Secretary, DAC stated:

"...it was rolled out in the first year of the 11th Plan. For the first year, there was only a token allocation of just about Rs. 1000 crore. Even that was difficult to fully utilize because once the scheme was conceptualized, rolled out and informed to the States, all the States were tasked with the responsibility of creating the budget lines and heads for implementation of this scheme. Unless that happens, funds cannot be transferred from the Centre to the States and utilized effectively by the States. So, the first year or the first year and a half of the scheme was spent in addressing the structural problems relating to implementation. When this scheme was first conceptualized, the over-arching objective was to achieve growth of four percent during the 11th plan."

2.27 Sectoral break-up of projects approved is at Annexure-I. Year wise allocation, release and utilisation since inception are given below:

(Rs. in crore)

Year	Allocation	Release	Utilisation	%Utilisation
1	2	3	4	5
2007-08	1,489.70	1,246.89	1,246.39	99.96%
2008-09	3,165.67	2,886.80	2,868.15	99.35%

1	2	3	4	5
2009-10	3,806.74	3,760.93	3,756.51	99.88%
2010-11	6,722.00	6,720.08	6,718.64	99.98%
2011-12	7,810.87	7,794.09	7,537.25	96.70%
TOTAL	22,994.98	22,408.79	22,126.94	98.74%
2012-13	8,400.00	6,822.00*	3,303.86*	-

(*) Expenditure and Allocation status as on 11.02.2013.

2.28 Cabinet Committee on Economic Affairs (CCEA) has approved continuation of RKVY during XII Plan with an allocation of Rs. 63,246 crore. However, during first two years of XII Plan, total outlay available was only Rs. 15,489 crore (24.5% as against normative 40%). During 2013-14, an allocation of Rs. 9,954 crore has been earmarked for RKVY.

2.29 When enquired about the low allocation of funds in the first two years of the XIIth Plan *i.e.* only 24.5 percent against the normal of 40 percent of the Plan, the Secretary, DAC explained:

> "...it is always towards the later part of the Plan that allocations increase, and this is the general practice across the scheme. So, it is not an arithmetical division divided by 5. It always increases over years. This has happened during the 11th Plan, and it will happen during the 12th Plan as well....the first two years of the 12th Plan have been particularly difficult. The country has been passing through a huge fiscal crisis due to which the allocations that we were expecting and hoping for have not materialised. This is true. Certainly, if we had got more money, then we would have been able to use that money. This has not happened. So, that, I admit, is a cause for concern, but I am hopeful that in the remaining three years of the Plan hopefully the allocations should increase, and it is said that the economy is also looking up. So, the money available for budgetary allocations to all schemes, especially, the RKVY will increase."

CHAPTER III

IMPLEMENTATION

(i) Schemes under RKVY

The DAC informed that RKVY does not prescribe any particular strategy, programme or project to be implemented by States. RKVY is designed to focus funds allocation and States' attention to selection of strategy and projects which will best help generate growth in agriculture and allied sectors. State Governments, keeping in view their priorities, have approved project proposals for implementation under RKVY in wide ranging sectors which include crops, horticulture, organic farming, agriculture/farm mechanization, micro/minor irrigation, watershed development, agriculture marketing and storage, seed farms and soil/fertilizer testing laboratories, animal husbandry, dairy development, fisheries, extension and research, etc. Critical infrastructure such as State Seed Farms, soil and fertilizer testing laboratories, starved over the years due to paucity of funds, got a much needed dose of assistance under RKVY across the States.

3.2 The Ministry of Agriculture in their Annual Report has indicated that while, growth in agriculture and allied sector in States is not attributable entirely to RKVY projects as there are many other programmes and policies contributing for it, RKVY has definitely emerged as a principal instrument of development of agriculture and allied sector in States and has indeed accelerated revival of agriculture.

3.3 Schemes of national priorities or Sub-Schemes were introduced in RKVY since 2010-11. These schemes are formulated and monitored by the concerned subject matter Divisions in DAC but implemented through the States under RKVY umbrella. Implementation of the sub-schemes have helped in focusing efforts of the Centre and the States in areas that require special attention. Notable among these schemes are Bringing Green Revolution to Eastern India (BGREI), Accelerated Fodder Development Programme (AFDP), Crop Diversification Programme in original green revolution States, Saffron Mission, National Mission for Protein Supplements (NMPS), Vegetable Initiative in Urban Clusters (VIUC), Rainfed Area Development Programme (RADP) etc.

3.4 The DAC informed that RKVY format has enabled launch of new schemes/programmes by keeping States' flexibility and authority intact. Since 2010-11, several sub-schemes have been introduced under

RKVY with focused objectives. In all, nine special programme/schemes are being implemented as sub-schemes of RKVY with a total allocation of Rs. 2,675 crore for 2012-13. The sub-schemes of RKVY and their allocations are as under:

(i) **Bringing Green Revolution to Eastern Region:** This programme was initiated in 2010-11 targeting the improvement in the rice based cropping systems of Assam, West Bengal, Odisha, Bihar, Jharkhand, Eastern Uttar Pradesh and Chhattisgarh. Allocation for this scheme in 2010-11 & 2011-12 was Rs. 400 crore each, which has been enhanced to Rs. 1000 crore in 2012-13 as announced by Finance Minister in his Budget Speech.

(ii) **Integrated Development of 60,000 pulses villages in rainfed areas:** The scheme aimed at attaining self-sufficiency in production of pulses was initiated in 2010-11 as pulses and oil seeds villages. In 2011-12, it was limited to 60,000 pulses villages only. During 2011-12, an amount of Rs. 300 crore had been allocated to promote 60,000 pulses villages in rainfed areas for increasing crop productivity and strengthening market linkages. In the current year, this sub-scheme has been merged with the Accelerated Pulses Production Programme under NFSM.

(iii) **Promotion of Oil Palm:** To achieve a major breakthrough in edible oil production, special attention is needed to be paid to oil palm as it is one of the most efficient oil crops. Accordingly, this sub-scheme had been launched during 2011- 12 with an allocation of Rs. 300 crore to bring 60,000 hectares under oil palm plantation by integrating the farmers with the markets. The allocation for 2012-13 is Rs. 100 crore.

(iv) **Initiative on Vegetable Clusters:** Growing demand for vegetables was proposed to be met by a robust increase in the productivity and market linkage. For the purpose an efficient supply chain needed to be established to provide quality vegetables at competitive prices. The allocation for this sub-scheme has been Rs. 300 crore each in 2011-12 and 2012-13.

(v) **Nutri-cereals:** To promote balanced nutrition, higher production of bajra, jowar, ragi and other millets would be taken up in 1000 compact blocks covering about 25,000 villages. Additionally, projects were to be taken up to upgrade their processing technologies and create awareness

regarding their health benefits. This initiative was expected to provide market linked production support to ten lakh millet farmers in the arid and semi-arid regions of the country. Outlay for this programme was Rs. 300 crore during 2011-12 and Rs. 175 crore in 2012-13.

(vi) **National Mission for Protein Supplements:** National Mission for Protein Supplements was launched with an allocation of Rs. 300 crore during 2011-12 to take up activities to promote animal based protein production through livestock development, dairy farming, piggery, goat rearing and fisheries in selected blocks. The allocation for this scheme during 2012-13 is Rs. 500 crore.

(vii) **Accelerated Fodder Development Programme:** To accelerate the production of fodder through intensive promotion of technologies to ensure its availability throughout the year, Rs. 300 crore had been provided during 2011-12 for this programme to benefit farmers in 25,000 villages. Allocation for the scheme during 2012-13 is Rs. 100 crore.

(viii) **Rainfed Area Development Programme:** The scheme was implemented with an allocation of Rs. 250 crore during 2011-12. The allocation for the scheme during 2012-13 is Rs. 150 crore.

(ix) **Saffron Mission:** The Scheme was initiated in 2010-11 for revival of Saffron cultivation in Jammu & Kashmir. Allocation for the scheme was Rs. 39.44 crore in 2010-11 and Rs. 50 crore each in 2011-12 and 2012-13.

(x) **Vidarbha Intensive Irrigation Development Programme:** This is a new scheme announced for 2012-13 with allocation of Rs. 300 crore to bring in more farming areas in Vidarbha region under protective irrigation.

3.5 States have also taken up several flagship and innovative projects under RKVY, which reflect best practices, innovative approaches and achievements under RKVY. A list of such projects is at Annexure-II.

3.6 According to the DAC, it is of greater importance to analyse the difficulties and shortcomings faced during the implementation and take corrective action to fine tune the scheme in keeping with the requirements of the country. RKVY has imparted definite momentum to the agriculture sector. Regular activities starved of resources,

promising strategies languishing for lack of support, and limited opportunities for experimentation and innovation, have found a new hope in RKVY. States are allocating more funds to agriculture to take up schemes of agriculture development. This is reflected in additional plan allocation to agriculture sector. There is a sense of hope and optimism. Agriculture, which had slid back stage, is making a comeback. One timely policy instrument - RKVY - has accelerated revival of agriculture and put it on growth path.

(ii) Monitoring of RKVY

3.7 DAC has put in place a web-based Management Information System for RKVY, called RKVY Database and Management Information System (RDMIS), to collect and disseminate relevant information and data related to each RKVY project and also to collect progress and completion details of each project over its life cycle. The States are entering data on approval and implementation of projects under RKVY online in the RKVY website. It is expected that this system will provide all stakeholders with up to date and authenticated data on outputs, outcomes and growth impact of projects taken up under RKVY.

3.8 When asked about the system of monitoring with regard to proper utilization of allocation of funds for RKVY projects, the Secretary, DAC, stated as follows:

> "There are two systems. One is for the 11th Plan, as you are aware, this Scheme was run through Additional Central Assistance. That was essentially State Government's money. The idea was that the State level Sanctioning Committee which is there to sanction projects also has to monitor the implementation of this Scheme. So, the State Level Sanctioning Committee, under the Chief Secretary, in which the Government of India used to participate through the Joint Secretaries of Agriculture, Animal Husbandry and Planning Commission, were supervising this. In addition, whenever the State Governments used to come back, as has been the practice in all Government schemes for release of second installment, such release was incumbent upon satisfactory utilisation of funds released in the first installment. At the time of release of second installment we took stock of progress and we took stock of all the utilisation and releases. That was the basic structure that we had put forward."

3.9 The Secretary, DAC put forth the challenges in monitoring of RKVY before the Committee as under:

> "The RKVY is a broad spectrum scheme and it covers every part of the agriculture and allied sectors, except forestry. So, it is difficult

to have a cohesive or a unified or integrated physical target approach. So, each project under RKVY has to be monitored separately."

3.10 He further added:

"For the past two years what we have also tried to do because the difficulty or the challenge in RKVY's monitoring was the projects sanctioned by the State Level Committees were so diverse in nature, it was difficult to group them together. For example, in Kerala, there were at least 100 different projects sanctioned. To monitor 100 projects became a very challenging task for us. So, we devised electronic software in which the State Government was uploading all this information. So, they are available in the public domain for whoever wants to access it. But still it is such a diverse portfolio. For instance, if I get information on dairying, I cannot monitor it myself and I have to pass it to my colleagues in the Department of Animal Husbandry to monitor that. That remains an area of concern where I think there is the maximum challenge of monitoring and supervision of this Scheme."

3.11 When the Committee emphasized the need for monitoring mechanism, the Secretary, DAC submitted as follows:

"I agree, Sir. The monitoring mechanism, the coordination mechanism, the supervision mechanism, all needs to be strengthened at various levels. But at the same time, the implementation will remain at the field level. So, to that extent, even a very strict and a very comprehensive monitoring mechanism may not be able to capture these kinds of nuances. But we can certainly look at whether expenditure is taking place on time. That is a very important factor to ensure that there is correct utilization of money. Whether it is being spent on the appropriate kind of interventions or not and whether the utilizations and all are coming and whether the outcomes of those interventions are actually being achieved or not, that we can certainly try and do. But, what are the chemicals that are being applied for each crop, that is not something that will be able to be monitored. Even at the State Government level, it will be difficult to be monitored. The application of chemical is depending upon situation to situation, depending upon what are the post incidents and what was the outcrop. So that might be a difficulty in that. But certainly greater monitoring and supervision is necessary to improve the quality of any programme."

3.12 During evidence, the Secretary, DAC, stated as follows:

> "We have kept to ourselves the flexibility of changing the criteria midstream based upon what advice and feedback we get from the States. If we find that the introduction of these criteria has led to lopsidedness of allocations to particular States and exclusion of particular States, then we will revisit and revise these criteria."

3.13 When the Committee pointed out that there is diversion of funds due to flexibility in utilisation of funds under RKVY Scheme and cited an instance of Melas being organised spending huge funds for campaigning purpose, the Secretary, DAC, stated that from 2013 onwards, the CAG had started auditing RKVY. The CAG audit will help in long run to stream line the system. So the first report of CAG will start being received very shortly at the end of the year. That itself will result in some improvement. Specially, in view of the fact that amount of funds involved in this scheme have increased exponentially over the years from Rs. 25000 crores in the Eleventh Plan to Rs. 60000 crores in Twelfth Plan. He also stated that:

> "…..in past 10 years, the budget of this Ministry has gone up by 10 times. So we have to be very careful. I accept your point."

3.14 National Institute of Rural Development (NIRD), Hyderabad was commissioned in 2008 to undertake concurrent evaluation of RKVY. Following are some of salient findings of implementation monitoring study conducted by NIRD, Hyderabad:

(i) RKVY has been preferred by the States for its inbuilt flexibility in selecting State specific interventions.

(ii) RKVY succeeded motivating States to pay greater attention to agriculture, besides providing increased Central assistance for the sector.

(iii) RKVY assistance was particularly useful for the funds starved animal husbandry, dairying and fisheries sectors. Projects amounting to over Rs. 5000 crore were sanctioned under RKVY for these sectors during 11th Plan, which is about 20% of the total sanctioned RKVY projects, and more than the allocation on schemes of Department of Animal Husbandry Dairying & Fisheries (DAHD&F).

3.15 However, the report revealed that States have not been able to balance investments in growth oriented projects and projects for development of agricultural infrastructure. Infrastructure development,

if any, by the States was not found to be based on any definite vision or plan. Further, there has been thin spread of RKVY resources across all sectors and amongst all districts of the State.

3.16 The DAC in their background note submitted that the findings of the NIRD study as well those which have emerged during the interactions with the States are enumerated below:—

- States have not been able to balance investments in growth oriented projects and projects for development of agricultural infrastructure. Infrastructure development, if any, by the states was not found to be according to any definite vision or plan. One of the reasons could also be the annual budget utilisation framework which is not very suitable for financing infrastructure projects.
- Increasing number of special schemes under the RKVY window, where the States' flexibility is compromised, need a relook to determine what percentage of RKVY funds, if any, should be committed to such special schemes.
- Lack of focussed approach—priority areas given a miss due to thin spread of resources across all sectors and amongst all districts of the State.
- Comprehensive District Agriculture Plan (C-DAPs) & State Agriculture Plans (SAPs) were prepared by all the States to determine priorities and identify gaps in development of agriculture and allied sectors. It was assumed that States would prepare projects under RKVY in line with the identified gaps and priority areas of development. In many instances these were not adhered to.
- Flow of funds to implementing agencies was found to be a tedious and lengthy process despite State Governments receiving the funds well in time.
- Quality of Detailed Project Reports (DPRs) leaves much to be desired. In many cases they are anything but detailed. Often the implementing agencies are unable to quantify outputs and outcomes of the project.
- State Level Sanctioning Committees (SLSC) under the Chief Secretary is unable to devote adequate time for detailed discussion of the projects before it for approval. In many States prior scrutiny of the projects are not done thus compromising on the quality of the project sanctioned by the SLSC.

- Some States have used RKVY funds without exhausting provisions available under different schemes of GoI. This may be so as States might be finding accessing RKVY funds less tedious than accessing GoI funds under other schemes. States are thus losing out on additional finance available from GoI.
- Despite a robust web based MIS put in place by the Ministry, State governments have faltered in providing real time report on the progress made, especially physical progress and impact.

Services of NIRD were discontinued later as it reportedly, did not have the desired level of in-depth examination and assessment as required by the DAC.

3.17 The DAC informed the Committee that recently, Agricultural Development and Rural Transformation Centre (ADRTC) under Institute for Social and Economic Change (ISEC), Bengaluru has been entrusted for evaluating RKVY over 11th Plan period. They were expected to give their first report by March, 2013 and the final report by June, 2013. The Secretary, DAC, however, informed the Committee on 12.02.2014 that ADRTC had not submitted the final report till then. The preliminary findings of ADRTC's report however, suggest that RKVY has been making a significant impact in rejuvenating agriculture & allied sector in the country. The preliminary report also finds the following:

- The macro-level impact measured using three indicators *e.g.* (a) growth in GDP, overall GSDP and agricultural GSDP, (b) growth in agricultural production, and (c) growth in percentage of agricultural spending out of State Plan and agricultural GSDP, indicates that RKVY has been playing a major role in catalysing growth in agriculture & allied sector;
- Empirical data indicates that there is a strong correlation between RKVY spending and private gross capital formation (GCF);
- States are giving more emphasis on infrastructure projects. During 11th Plan, States implemented 1584 infrastructure projects under RKVY absorbing about 30% of total expenditure of which 566 were flagship projects od States absorbing 17% of total expenditure under RKVY;
- Very high expenditure allocation ratio for these infrastructure projects (upto 0.85) also points to growing emphasis by States for timely completion.

- Out of these projects, major focus was on Minor and micro irrigation projects (about 32%) that has significantly helped enhancing agricultural productivity;
- Increased irrigation coverage has also led to increased expenditure for agricultural input like fertiliser use (positive correlation between RKVY expenditure and fertiliser use kg./ ha has been noted), mechanisation, high quality seeds etc.

3.18 The Government has informed that they have taken the following measures:

- The States will be required to revisit and modify the Agriculture Plans for the districts and the State in keeping with their vision of agriculture development over the next plan period.
- Infrastructure projects will be selected and taken up on the basis of the normative requirement of infrastructure, actual availability thereof and the gap in agriculture infrastructure in the State.
- The State Agriculture Department shall be the nodal department for the implementation of the scheme. For administrative convenience and ease of implementation, the State Governments may identify, or create an exclusive agency for implementing the scheme on the fast-track.
- To ensure proper implementation of the schemes and ensure it compliance with the norms laid down, twenty five per cent of the projects sanctioned by the State each year under the two streams shall be taken up for third party monitoring and evaluation.
- A State Level Screening Committee headed by an officer nominated by the Chief Secretary of the State will screen all the DPRs prepared by the various departments for consideration of the SLSC for its suitability, its linkage to DAP, SAIDP and SAP and its adherence to the RKVY guidelines. The Screening Committee would also certify that funds available under other schemes of the State Government and/or Government of India for the proposed projects have been accessed and utilised before they are brought under the RKVY umbrella.
- Assign funds to the States exclusively for preparation of DPRs. With the uncertainty of project receiving sanction by SLSC, the implementing agencies have been reluctant to spend on DPR preparation.

3.19 The Secretary, DAC informed the Committee as follows:

"…..based upon the NIRD evaluation report, we had taken out a small booklet called 'Thought for Food'. In that booklet, State-wise strategies and State-wise priorities were listed and the areas where the State should focus under RKVY, and the State Governments have made good use of that. If we look at the preliminary findings of the study that we have given to ISEC for the entire Eleventh Plan period, they have said that now States have started increasingly funding infrastructure projects to the extent of 30 per cent. However, what we have now done for the Twelfth Plan is that we have actually examined areas for utilisation of funds, just to impose some discipline. Earlier, we were expecting that States will discipline themselves and provide for funding for critical gaps. But in the Twelfth Plan now, we have ourselves prescribed the areas where funds can be allocated. Now 35 per cent of the funds for RKVY will be for production oriented programmes; 35 per cent will be for infrastructure; 20 per cent will be for schemes and interventions that Government of India would like to introduce, like we have got a scheme for bringing green revolution to Eastern India, like we have got a scheme for diversification in North West India, like we have had a scheme for fodder development, etc. There are several schemes through which the Government of India wants to pay special focus, and all such schemes get 20 per cent, and 10 per cent is untied, which can be used by the States in any of those three dispensations. That gives flexibility to the States, but also it gives a direction to the States that they have to spend at least 35 per cent of the funds in each of the categories."

3.20 In view of the encouraging response of the states and the positive impact of the scheme which has helped boost agriculture growth across the country, RKVY is to continued in the 12th Plan as ACA.

3.21 DAC has held detailed meetings with State Governments at its level and in the Planning Commission to reorient the scheme in order to meet the requirements of agriculture and allied sectors over the 12th Plan period. Based on these discussions and the experiences and findings enumerated above, modifications in the guidelines have been proposed by DAC which are under active consideration of the Planning Commission.

3.22 The Planning Commission has indicated an overall allocation of Rs. 63,246 crore under RKVY for the 12th Five Year Plan. The importance accorded to the scheme can be gauged by the fact that it

alone accounts for nearly 50% of the total budget allocation of DAC for the plan period.

(iii) Representation from a former Managing Director, Haryana Seeds Development Corporation Ltd., Panchkula

3.23 A representation dated 03.12.2013 addressed to the Chairperson of the Committee on Agriculture was received from a former Managing Director, Haryana Seeds Development Corporation Ltd., (HSDCL) (Shri Ashok Khemka). Copy of the representation is at Annexure-III.

The response received from the Department of Agriculture and Cooperation (DAC) on the representation is enclosed at Annexure-IV.

3.24 Regarding the allegations made by the complainant relating to misuse of central subsidies in purchase of RAXIL (pesticide) for non-approved use and the legal requirement of registration process, the Secretary, DAC, during the evidence, submitted as follows:—

> "The then Managing Director had sent a copy of the same letter he had addressed to the Agriculture Minister and a copy of that was sent to me. We had, in fact, conducted inquiry at our level. There were two issues in that letter. One was in relation to the use of pesticide formulation and the other one was in relation to the procedure adopted in Haryana for purchase of seeds. We did two things. One is that as the law stands, even if the law is amended, it says that no pesticide can be used on any crop unless it is permitted to be so used by the Registration Committee. This particular pesticide had been approved by the Registration Committee but not for wheat. That is a fact. What is also a fact is that this particular pesticide was tested by the Haryana Agriculture University, Hisar on wheat and they found it to be effective. They included it in their recommendations, in the package of practices. This was as far as back as in 2002, if I remember correctly, and which was wrong. What they should have done was to have submitted those results to the Registration Committee and asked the Committee to approve the use of the pesticide on wheat for controlling whatever disease is there. They did not do that. They made a recommendation. The Haryana Government started implementation of that recommendation. When this letter came to me, we took it up with the Government of Haryana. It is not only the Government of Haryana but it is quite likely that similar practices are being indulged in other parts of the country as well. We, especially those people in the field, feel that if a recommendation comes from a research institution, then it carries

weight of science and everything behind it. We do not question its validity. I have written to all the Chief Secretaries and the Agriculture Production Commissioners in all the States and asked the DG, ICAR to write to all the research institutions saying that no pesticide can be or should be allowed to be used unless it is as per the registration conditions imposed by the Registration Committee.

We have issued instructions to the Government of Haryana not to utilise this pesticide for unapproved crops. However, HAU's recommendations came in 2002. This complaint came much later, like you pointed out in 2013. This was probably a *bona fide* mistake. It was nevertheless a mistake. It should not have committed."

3.25 When enquired whether the Government of Haryana had purchased seeds without open and competitive tenders and subsidizing the high cost of purchase with Government subsidies, the Secretary, DAC submitted before the Committee as follows:

"It was a limited tender and the rate was very high. It was rejected by Haryana Seed Development Corporation, which called a large number of PSUs, NAFED, etc. negotiated rates and arrived at a rate which was lower than the tendered amount and gave the supply order. When we asked for an explanation, they said that it was necessary to do so because the tender rate was not found favourable and the wheat seeds had to be provided on time to meet the requirement of the farmers. That report we had shared with you. Nonetheless, we have taken one more action on that complaint. We had forwarded the entire matter to CVC because at the end of the day, it was difficult for the Central Government to enquire into the actions taken by an agency of the State Government. We have forwarded the complaint in the matter along with our comments to the CVC. It is expected that they would be taking up appropriate action on this."

3.26 Regarding the issue concerning misuse of Central financial assistance under the Seed Village Scheme, the Secretary, DAC apprised the Committee as follows:

"…there are two slightly different things. I think the complainant also is not fully aware of the intricacies of the seed sector. What is given for the seed village programme are foundation seeds which are meant to be multiplied in the villages and shared by the villagers themselves. What is given as subsidy under the National

Food Security Mission Programme is subsidy for cultivation of certified seed, which comes after one stage of multiplication from foundation seeds. But in any case, the allegation is now with reference to the quality of seeds of two seasons ago. Now, there is no way that we can assess after two seasons whether seeds were good or bad. It is not possible to assess the quality of the seeds except by looking at productivity on which count there is nothing that can lead us to assume otherwise."

3.27 The Committee enquired whether there is a subsidy for purchase of pesticides also and if the insecticide is not approved and if non-approved insecticide is purchased and used whether there is any scope of misuse of subsidy. Also, whether the subsidy outgo would be higher if rate of purchase of wheat seed is high. The Committee also desired to know whether it is the responsibility of the Central Government to look into these aspects and take remedial measures. Responding to the queries of the Committee, the Secretary, DAC stated as follows:

"No, subsidy outgo is fixed. Under the Government of India schemes, the subsidy rate is flat. Irrespective of what the cost of the seed is, the subsidy outgo from Government is the same."

3.28 He further added:

"...there are two things. One is, if there is a blatant case of irregularity where the subsidy has been taken and no seeds were supplied or no pesticides were used, that is a completely straight forward case of corruption in which we can direct the State Government to take action. This is a case of where wheat seeds were also provided and pesticide was also applied. Now, as it turns out, the pesticides were applied incorrectly based on the recommendations of the agriculture university. To my mind, we can take a legalistic view and say it is incorrect. Otherwise, we have to recognise it as a *bona fide* mistake. This has happened since 2002. I think we have to distinguish between two different cases."

PART II

RECOMMENDATIONS/OBSERVATIONS OF THE COMMITTEE

The primary objectives of launching Rashtriya Krishi Vikas Yojana (RKVY) in the 11th Plan, among other things, were to reduce the yield gaps in important crops and to ensure that States increase their plan allocation to the agriculture and allied sector, as the gross capital formation in the sector was unsatisfactory. The Committee find that not much headway has been made in this regard during the 11th Plan. Admittedly, there are huge yield gaps across the country and in certain crops, the gaps are bigger than in other crops. Presently, the Department of Agriculture and Cooperation (DAC) has no data about growth in private investment as compared to public investment in agriculture and allied sector. In the absence of relevant data, the Committee are not in a position to asses the performance of RKVY. The Committee desire that data regarding yield gaps in major crops and quantum of private investment in agriculture and allied sector at the beginning of the 11th Plan and achievements during the plan period be collected and furnished to the Committee at the earliest to enable an objective assessment about the achievements under RKVY. The Committee also urge the DAC to initiate concrete measures to ensure that yield gaps in important crops are reduced as aimed in RKVY.

2. Other objectives of Rashtriya Krishi Vikas Yojana (RKVY) are to incentivize the States to increase their plan allocation to the agriculture and allied sector, to ensure preparation of district and State agricultural plans and to achieve the national target of 4 per cent growth in agriculture and allied sector during the 11th and 12th plan periods. The Committee note that the first two objectives were made prerequisites for availing funds by the States under RKVY. The Committee are glad to learn that despite two major droughts, the overall growth of the agriculture and allied sector during the 11th plan is in the vicinity of 4.1 per cent surpassing the target of 4 per cent. The Committee would, however, like to caution the Government that there should be no complacency in sustaining the growth momentum achieved in the 11th plan and all efforts be made to further accelerate the agricultural growth during the 12th plan.

3. The Committee have been informed that the States had major issues in regard to the criteria prescribed for apportionment of funds under RKVY. The criteria relate to percentage share of net

un-irrigated area in a State to the net un-irrigated area; projected growth rate and increase in the total plan expenditure in agriculture and allied sectors. It has been stated that in order to address the grievances of States, the number of criteria was increased so that a State which falls short of one criteria can make ground in other criteria to gain additional funds. The additional criteria for apportionment of funds include, average area under oilseeds and pulses, increase in expenditure on animal husbandry, dairying and fisheries and reduction in yield gap. The Committee hope that allocation of funds under RKVY will be just and equitable to all States without room for perceived injustice.

4. According to the findings of the National Institute of Rural Development (NIRD), Hyderabad which was commissioned in 2008 by the DAC to undertake concurrent evaluation of RKVY during the 11th plan period, the States have not been able to balance investments in growth oriented projects and projects for development of agricultural infrastructure. Infrastructure development, if any by the States was not found to be based on any definite vision or plan. Further, there has been thin spread of RKVY resources across all sectors and amongst all districts of the States. The Committee would urge the DAC to look into the issues brought out by the NIRD in the implementation of RKVY and take necessary action to ensure that there are no such deficiencies in future.

5. In a note submitted to the Committee, the DAC stated that the services of NIRD were discontinued as it did not have the desired level of in depth examination and assessment as required by the DAC. The Secretary, DAC was, however, candid in his deposition on 12.2.14 that NIRD conducted evaluation efficiently and the document brought out through it was of great help in bringing back the focus on to the implementation issues of RKVY. The Committee, however, fail to understand why then the services of NIRD, which made an objective evaluation, were discontinued. The Committee would await an explanation in this regard.

6. Another Institute engaged by the DAC for evaluating RKVY over the 11th Plan period is Agricultural Development and Rural Transformation Centre (ADRTC) under the Institute for Social and Economic Change (ISEC), Bangaluru. ADRTC was expected to give its first report by March 2013 and final report by June 2013. It has not, however, submitted its report even seven months after the deadline. As the 11th Plan period was over almost two years ago, the Committee desire that ADRTC should complete its task without

further delay to enable an objective assessment of RKVY. The Committee would also like to know the methodology being followed by ADRTC to evaluate RKVY.

7. According to the preliminary findings of ADRTC, there is a strong co-relation between RKVY spending and private gross capital formation. The Committee note that the Public Private Partnership for Integrated Agriculture Development (PPPIAD) launched under RKVY recently envisages facilitating large scale integrated projects led by private sector players in the agriculture and allied sector. Each project is to target at least 5,000 farmers with an average investment of Rs. 1 lakh per farmer through a project cycle of 3 to 5 years. The intervention to include mobilizing farmers into producer groups, technology infusion, value addition and marketing solutions. The Committee would like the Government to ensure that PPPIAD does not in any way result in exploitation of farmers.

8. Monitoring the implementation of RKVY is an area of concern. At the Central level, there is hardly any monitoring except taking stock of the progress and receiving utilisation certificate at the time of release of second instalment of allocation. According to the Secretary, Agriculture, the difficulty in RKVY's monitoring is that the projects are so diverse in nature, it is difficult to group them together. It has further been stated that a web based management information system containing upto date and authenticated data on RKVY projects is available for access in the public domain. In Committee's view, it is the responsibility of the DAC to ensure that the projects/schemes for which funds are made available to the States are monitored and coordinated properly to ensure timely and effective implementation and that there is no misuse or diversion of funds for unintended purposes. The Committee desire that the DAC should immediately devise a suitable mechanism for effective co-ordination and monitoring under intimation to the Committee. The Committee in this connection draw the attention of the Government to a representation received by the Committee alleging misuse of subsidy given under RKVY for purchase of pesticides and seeds. The issues raised in the representation are discussed in the succeeding paragraphs.

9. One of the allegations made in the representation was that the Government of Haryana had misused Central subsidy under RKVY by purchasing the pesticide RAXIL for non-approved use on the basis of a recommendation made by Haryana Agricultural University (HAU) that treatment of wheat seeds with RAXIL 2% DS

is effective against Karnal Bunt disease. According to the Secretary, Agriculture, it is a fact that this particular pesticide was tested by the HAU on wheat and found to be effective and included in the package of practices in 2002. The results were, however, not submitted to the Registration Committee as required under the Insecticides Act. No pesticides can be used on any crop unless it is permitted to be so used by the Registration Committee. Though this matter has since been taken up with all the States and the research institutions to prevent recurrence of such lapses, the Committee would like to stress that since pesticides are potentially hazardous chemicals and have significant bearing on human and environmental health, no lapse whatsoever in this regard can be condoned. The Central Insecticides Board & Registration Committee (CIB&RC) is reportedly inquiring into the matter. The Committee desire that inquiry should *inter-alia*, cover the following points:-

- **— Reasons why the Chaudhary Charan Singh Haryana Agriculture University, Hisar recommended Tebuconazle fungicide by specific brand name of RAXIL to farmers in its Package of Practices forum approved treatment of Karnal bunt disease in wheat crop.**
- **— Propriety and legality of the action of M/s Bayer Crop Science India publishing the recommendation of some State Agriculture Universities in its advertisements wherein RAXIL'S effectiveness in treating Karnal Bunt disease in wheat crop is claimed.**
- **— Has any study been carried out regarding the infestation of loose smut, flag smut or Karnal bunt diseases in wheat crop in Haryana before mandating the use of RAXIL fungicide in Rabi 2010-11. Was such a study carried out afterwards?**
- **— Propriety and legality of the State Agriculture Department of Haryana spending Central money on RAXIL, a specific brand of M/s Bayer Crop Science India, for unapproved treatment.**

10. Another allegation made in the representation relates to purchase of seeds at high cost with Government subsidies. It has been stated in this connection that there has been no mis-utilisation or mis-appropriation of subsidy under RKVY. According to the Secretary, Agriculture, under the Government of India Scheme, the subsidy rate is fixed. Irrespective of the cost of the seed, the subsidy

outgo from the Government is the same. However, since the seeds were purchased under limited tender at very high rate, the entire matter is stated to have been referred to the Central Vigilance Commission for appropriate action. The Committee further desire that the DAC should ensure that open and competitive tenders are floated where Central money is spent and that no specific brand name(s) for seeds or insecticides are specified in tender enquiries. In case private producers are prohibited from participating in a tender enquiry, the DAC should ensure that the seeds supplied are produced/co-produced by the eligible Government agency and certification of the seeds supplied is in its own name. The Central money spent on subsidizing the cost of seeds purchased from Government/Cooperative agencies in restrictive of limited tenders where private seed producers were ineligible to bid, but the seeds supplied were not certified in the name of the supplying Government/Cooperative agency should be recovered from the State Government.

The DAC should take adequate steps to ensure that the benefit of Central subsidies reach the farmers.

NEW DELHI;
03 *March,* 2014
12 *Phalguna,* 1935 *(Saka)*

BASUDEB ACHARIA,
Chairman,
Committee on Agriculture.

ANNEXURE I

(*Vide* Para 2.27)

RASHTRIYA KRISHI VIKAS YOJANA (RKVY)

MANAGEMENT INFORMATION SYSTEM

State-wise/Sector-wise Number of Projects

New and ongoing projects

Sl.No.	STATE NAME	CROP	HORT	SERI	ANHB	OTHR	FISH	COOP	MIPT	SEED	FINM	AMEC	EXTN	MRKT	NONF	ITEC	AGRE	NRM	IRRI	ORFM	DDEV	TOTAL
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
1.	Andhra Pradesh	5	16	0	30	3	23	0	2	7	1	6	4	4	0	2	38	0	2	5	11	159
2.	Arunachal Pradesh	11	15	8	19	4	7	0	0	2	0	3	4	3	0	0	0	0	3	1	0	80
3.	Assam	6	13	0	25	1	20	0	0	9	5	6	6	7	0	0	10	4	3	2	13	130
4.	Bihar	22	6	0	66	7	20	8	3	8	2	7	19	6	3	3	22	2	1	6	20	241
5.	Chhattisgarh	8	59	0	60	11	51	4	9	31	6	7	19	12	1	1	4	1	8	8	3	303
6.	Goa	4	3	0	7	3	4	0	0	2	8	4	6	1	3	1	2	2	1	1	5	57
7.	Gujarat	28	32	2	45	18	8	2	10	30	10	14	9	24	6	0	11	36	9	11	25	330
8.	Haryana	7	18	0	31	5	6	0	9	17	8	13	5	7	0	0	13	4	19	8	3	173
9.	Himachal Pradesh	7	44	0	28	2	13	0	2	10	2	3	2	12	1	1	4	4	8	6	2	151
10.	Jammu and Kashmir	10	91	10	92	0	11	4	8	14	6	14	38	26	6	1	0	8	22	11	0	372
11.	Jharkhand	14	21	2	19	4	17	1	3	11	8	10	14	7	1	0	4	4	5	6	13	164
12.	Karnataka	7	29	1	38	11	4	0	2	9	3	12	11	17	10	1	44	3	2	5	1	210
13.	Kerala	78	72	9	163	8	116	2	5	13	3	34	46	25	17	1	144	40	19	11	40	846

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
14.	Madhya Pradesh	9	26	0	67	3	43	0	6	31	10	16	19	13	2	1	10	1	25	12	4	298
15.	Maharashtra	2	7	3	31	3	5	2	9	10	4	9	9	25	0	2	0	5	24	0	6	156
16.	Manipur	2	8	0	10	0	3	0	0	0	0	6	10	3	2	0	0	2	0	3	1	50
17.	Meghalaya	3	16	1	14	2	15	1	1	0	1	2	0	2	1	0	0	18	8	1	1	87
18.	Mizoram	7	4	2	2	1	2	0	0	0	0	2	0	1	0	0	0	5	1	0	0	27
19.	Nagaland	5	10	1	11	2	12	0	3	1	3	4	3	7	5	0	1	9	1	4	0	82
20.	Odisha	31	23	0	16	3	12	2	4	22	6	12	17	23	2	0	24	10	8	13	11	239
21.	Punjab	5	16	0	33	1	13	0	3	4	3	6	2	4	0	1	20	8	2	3	20	144
22.	Rajasthan	13	31	0	29	10	11	8	5	18	10	9	20	8	0	1	27	6	12	4	10	232
23.	Sikkim	2	5	0	8	3	1	0	0	3	2	0	1	1	2	0	0	4	1	3	1	37
24.	Tamil Nadu	35	10	1	56	11	30	3	2	7	3	9	8	21	1	5	3	1	8	3	34	253
25.	Tripura	18	29	0	30	3	22	0	1	3	4	6	3	7	2	0	1	2	6	4	1	142
26.	Uttar Pradesh	28	18	8	40	9	27	3	9	30	11	7	17	1	1	6	4	11	17	10	5	262
27.	Uttarakhand	9	17	1	23	8	2	0	2	1	2	2	6	12	0	0	3	4	3	7	3	105
28.	West Bengal	1	81	12	71	12	59	41	6	20	7	9	12	34	15	1	3	18	21	8	9	440
	Total	377	720	61	1064	148	557	81	104	313	128	232	310	313	81	28	392	212	239	156	252	5768

Total No. of Projects : 5768

CROP-CROP DEVELOPMENT; HORT-HORTICULTURE; SERI-SERICULTURE; ANHB-ANIMAL HUSBANDRY; OTHR-INNOVATIVE PROGRAMMES/OTHERS; FISH-FISHERIES; COOP-COOPERATIVES/COOPERATION; MIPT-INTEGRATED PEST MANAGEMENT; SEED-SEED; FINM-FERTILISERS AND INM; AMEC-AGRICULTURE MECHANISATION; EXTN-EXTENSION; MRKT-MARKETING AND POST HARVEST MANAGEMENT; NONF-NON FARM ACTIVITIES; ITEC-INFORMATION TECHNOLOGY; AGRE-RESEARCH (AGRI/HORTI/ANIMAL HUSBANDRY ETC.); NRM-NATURAL RESOURCE MANAGEMENT; IRRI-MICRO/MINOR IRRIGATION; ORFM-ORGANIC FARMING/BIO-FERTILISER; DDEV-DAIRY DEVELOPMENT.

ANNEXURE II

(*Vide* Para 3.5)

STATE-WISE LIST OF FLAGSHIP PROJECTS DOCUMENTED BY NIRD

1	2	3
1.	Andhra Pradesh	(ii) Seed Management
		(ii) Expansions of Non-Pesticide Management (NPM) in A.P. through SERP
		(iii) Expansions in Oil palm
		(iv) Integrated vegetable programme in A.P.
2.	Arunachal Pradesh	(i) Area expansion by land terracing for paddy
		(ii) Development of way side market sheds for fruits and vegetables
		(iii) Development of commercial fish farms through private fish farmers
3.	Assam	(i) Shallow Tube Wells with electrically operated pump sets-increase in irrigated area and crop production in areas where SWT have been installed
		(ii) Establishment of Organic agriculture produce market
4.	Bihar	(i) Farm mechanization especially Power tillers
		(ii) Seed production and distribution programme
		(iii) Dairy activities undertaken under RKVY
5.	Chhattisgarh	(i) Establishment of model villages 'Adarsh Gram'
		(ii) Performance linked incentives to Al workers
		(iii) Al lab to produce semen

1	2	3
6.	Goa	(i) Establishing modern rice mill processing facilities
		(ii) Incentivizing paddy cultivation through SHGs
7.	Gujarat	(i) Water & Soil Conservation Project including reclamation of degraded Bhal areas and checking of salinity ingress in coastal areas and farm ponds
		(ii) Export oriented clustering and infrastructure in PPP mode for banana
		(iii) Large animal surgery at Anand
		(iv) Soil testing lab operated in PPP mode
8.	Haryana	(i) Green manuring (dhaincha seeds)
		(ii) providing assistance on laying underground pipeline system for water conveyance so that water losses can be avoided and additional land brought under cultivation from the irrigation channels
		(iii) Intercropping of sugarcane With onion, cucurbits, gram lentil and even wheat
9.	Himachal Pradesh	(i) Construction of low cost greenhouses/poly houses and irrigation tank scheme
		(ii) Promotion and development of cultivated fodder crops like sorghum, berseem, oats etc.
		(iii) Organic cultivation
10.	Jammu and Kashmir	(i) Protected cultivation of flowers
		(ii) Creation of irrigation infrastructure for Horticulture
11.	Jharkhand	(i) Micro Lift Irrigation
		(ii) Vermi-composting
		(iii) Breed improvement programme by BAIF to improve milk production

1	2	3
12.	Karnataka	(i) Extension services to Raitha Samparka Kendras
		(ii) Automated weather monitoring system
		(iii) Jaggery — sugarcane breed & processing technology improvement
		(iv) Rainfed agriculture — Bhoochetana
13.	Kerala	(i) Paddy cultivation in fallow lands by leasing land to Padasekaram Samities
		(ii) Farm mechanization for paddy harvesting, includes custom hiring of farm machinery by KAICO and giving agricultural machinery to district Panchayats and Padasekarams for collective use.
		(iii) Development of fishery seed farms, seed production and group mobilization
14.	Madhya Pradesh	(i) Percolation tanks, khettalab, micro minor tanks
		(ii) Seed replacement
		(iii) Development and promotion of hybrid rice varieties
		(iv) Kisan Call Centres
15.	Maharashtra	(i) Construction of farm ponds repair of malguzari tanks;
		(ii) Creation of low cost onion storage structures
		(iii) Surveillance and Monitoring of Pest and Disease on soybean and cotton
16.	Manipur	(i) SRI paddy cultivation
17.	Meghalaya	(i) Water conservation structures - mini irrigation check dams
		(ii) Strawberry cultivation through hub and spoke model
		(iii) Fisheries

1	2	3
18.	Mizoram	—
19.	Nagaland	(i) Pigs and poultry development
		(ii) Horticultural development
20.	Odisha	(i) Development of 100 new watersheds
		(ii) Acidic soil treatment
		(iii) Renovation of horticulture farms
21.	Punjab	(i) Milk units and bulk milk chiller
		(ii) Animal insurance
		(iii) Conservation of irrigation water
22.	Rajasthan	(i) Date palm for specific study (contrast with Gujarat)
		(ii) Hybrid maize
		(iii) Dighi Programme
23.	Sikkim	(i) High-tech green houses
		(ii) Integrated farming system for sustainable agriculture
24.	Tamil Nadu	(i) Precision Farming — sugarcane, banana
		(ii) Automated weather stations in 224 Blocks
		(iii) Promoting SRI through conduct of demonstrations in 40,000 ha.
		(iv) Use of Paddy transplanters in outsourced mode
25.	Tripura	(i) SRI cultivation of Rice
		(ii) Pineapple cultivation
		(iii) Development of demonstration unit on piggery
26.	Uttar Pradesh	(i) Promote soil health improvement by green manuring, organic manures and bio-fertilizers & Promotion of organic farming
		(ii) Production of high value vegetable crops through nursery production in low tunnels
		(iii) Energization of tube wells
		(iv) Reclamation of Katri Land
		(v) Rejuvenation of State seed farms

1	2	3
27.	Uttarakhand	(i) Strengthening milk grid
		(ii) Strengthening organic vision
28.	West Bengal	(i) Prani Bandhu Scheme
		(ii) Quality seed production involving NGOs

ANNEXURE III

(*Vide* Para 3.23)

REPRESENTATION FROM A FORMER MANAGING DIRECTOR OF HARYANA SEEDS DEVELOPMENT CORPORATION LTD., PANCHKULA, HARYANA

From

Ashok Khemka,
Ex-Managing Director,
Haryana Seeds Development Corporation Limited, Panchkula
(Presently posted as Secretary to Government of Haryana, Archives Department)

To

Shri Basudev Acharia,
Hon'ble Member of Parliament,
Chairman, Standing Committee on Agriculture

Subject: Inquiry into, the misappropriation of central subsidies of the Agriculture Ministry meant for farmers.

Abbreviations used:

CBI	Central Bureau of Investigation
CCSHAU	Chaudhary Charan Singh Haryana Agricultural University, Hisar
CIBRC	Central Insecticides Board & Registration Committee
CVC	Central Vigilance Commission
HSDC	Haryana Seeds Development Corporation Limited
HSSCA	Haryana State Seed Certification Agency
NAFED	National Agricultural Cooperative Marketing Federation
NCCF	National Cooperative Consumers' Federation
NFSM	National Food Security Mission
NSC	National Seeds Corporation
RKVY	Rashtriya Krishi Vikas Yojana

Respected Sir,

I was posted as Managing Director of HSDC from 15th October, 2012 to 4th April, 2013. During my short stint of 170 days in the company, I discovered a well-organized scam of misappropriation of central subsidies administered by the Ministry of Agriculture in collusion with some Central/State agencies in the northern region. The subsidies meant for farmers were siphoned off by corrupt and vested elements employed in these agencies. However, I had to encounter extreme adverse reactions from these corrupt elements adversely affected by the action taken and was abruptly transferred out of HSDC

2. HSDC is a Government company owned and controlled by the State Government of Haryana and falls within the meaning of section 2 (d) of the CVC Act, 2003. The share of Haryana Government in HSDC's equity is 55.2% and that of NSC is 22.3%. NSC is also a Government company owned and controlled by the Central Government. NCCF and NAFED are multi-state cooperative bodies under the administrative control of the Ministry of Consumer Affairs and the Ministry of Agriculture respectively. The employees of the Central Government or any public servant employed in a Government company or body owned or controlled by that Government can be inquired into or investigated by the CVC under section 8 (1) (c) of the CVC Act on a reference from the Central Government, if the said public servant is accused of an offense under the Prevention of Corruption Act. Specific cases of misappropriation of central subsidies are highlighted below.

3. MISUSE OF CENTRAL SUBSIDIES IN PURCHASE OF RAXIL FOR NON-APPROVED USE

3.1 RAXIL is a specific brand of M/s Bayer CropScience for the fungicide Tebuconazole and is registered by CIBRC under the Insecticides Act for treatment of loose smut and flag smut diseases in wheat crop. RAXIL 2% DS was recommended by specific brand name in the Package of Practices for Rabi-2003 of Haryana Agricultural University for use by farmers for treating wheat seeds against three diseases: loose smut, flag smut and Karnal bunt. The basis for the illegal recommendation by the Haryana Agricultural University was some experiment carried out by its scientists which was published in a journal, "Tests of Agrochernicals and Cultivars". The articles published in the said journal are not peer-reviewed and the results of individual-experiments/published therein do not carry authenticity amongst the

peer scientific community. The articles published in the said journal are like advertorials published by the experimenter at his own cost.

3.2 However, after seven years in October 2010, the State Agriculture Department acted upon the above illegal recommendation of Haryana Agricultural University and mandated compulsory treatment of wheat seeds with RAXIL 2% DS at public cost before the seeds could be certified by the HSSCA. The fact that the fungicide was not registered with the CIBRC for treatment of Karnal bunt disease was completely ignored. An amount of Rs. 60-65 crores was spent from the public purse to reimburse the cost of RAXIL purchased by producers of wheat seeds since the month of October-2010, of which 50% was spent from the central RKVY scheme. Haryana accounts for 99% sale of RAXIL 2% DS in the country, whereas the area in Haryana is a mere 13.5% of the total area in the country under wheat.

3.3 Against stiff opposition, I tried to stop the illegality by subjecting future supplies of RAXIL from M/s. Bayer CropScience by imposing the following condition amongst three other conditions in the supply order dated 29.03.2013 of HSDC:

> "M/s. Bayer CropScience India and M/s Bayer AG admit that the treatment of wheat seeds with RAXIL 2% DS controls Loose Smut, Flag Smut and Karnal Bunt diseases in wheat crops: The Company, will ensure statutory registration of Tebuconazole for control of Karnal bunt disease in wheat crop with the Central Insecticides Board & Registration Committee u/s 9(3) of the Insecticides Act 1968 before commencement of the supplies and shall accept full responsibility for all consequent punitive liabilities otherwise."

Unfortunately, the essential conditions included in the supply order dated 29.03.2013 of HSDC for supply of RAXIL 2% DS. 40 gram pouches were wrongly removed and substituted with a new supply order dated 13.05.2013 sans the four essential conditions, causing wrongful gains to M/s. Bayer CropScience India and its appointed private dealer, M/s. Vishal Trading Company, through whom the sales of RAXIL to private seed producers for reimbursement are canalized in the State of Haryana. HSDC was bound to ensure that the rate offered to them by M/s. Bayer CropScience India was not below the net rate oifered to M/s. Vishal Trading Company. It is reliably learnt that the net sale rate to M/s. Vishal Trading Company is much lower, which is likely to cause wrongful losses of an estimated 3-4 crores to public funds during Rabi 2013-14 alone. The cost of 30-35 lakh pouches of RAXIL will be reimbursed to private seed producers in the Rabi

2013-14 season, out of central RKVY and State funds in equal share at the purchase rate of HSDC.

3.4 M/s. Bayer CropScience also indulged in illegal marketing, claiming in its advertisements that RAXIL 2% DS is extensively tested and included in the package of practices recommendations of Haryana Agricultural University, Govind Ballabh Pant University of Agriculture and Technology and Punjab Agricultural University for the control of loose smut, flag smut and Karnal bunt seed borne disease of wheat. This claim was also made by Mr. Joerg Rehbein, Head of Bayer CropScience Indian sub-continent, in his written reply dated 27.02.2013 addressed to me when I was posted as Managing Director of HSDC. A copy of the reply dated 27.02.2013 of Mr. Joerg Rehbein and the advertisement for RAXIL published by the Company in a newspaper was sent to the Union Agriculture Secretary *vide* my letter dated 25.09.2013,

3.5 In his DO No. 13029/01/2013-PP.l dated May 2, 2013 addressed to all the Chief Secretaries of States, the Union Agriculture Secretary had written against the non-approved recommendation and use of pesticides being a danger to human, animal and environmental health. In this case, central RKVY grants were used to purchase RAXIL fungicide for an unapproved use. In the normal course, the illegal advertisement and marketing by the Company, the illegal recommendation by the State Agricultural University and the spending of central RKVY grants for unapproved use of the fungicide ought to have been subject to a thorough inquiry, but because of the close nexus between the Company and State level institutions, there was no action. Were such offense to be committed in European Union or United States of America, M/s. Bayer CropScience would be burdened with huge penalties running into billions of dollars in addition to stiff imprisonment sentences. The Company would have been asked to make amends by coming out with large advertisements prominently in all major newspapers stating unequivocally that the use of RAXIL fungicide to control Karnal bunt disease for which it is not registered with the CIBRC is illegal and not safe. The matter was brought to the specific notice of the Union Agriculture Secretary *vide* my letter dated 25th September, 2013, but there is no response till date. A CWP (PIL) No. 6757 of 2013 is pending in the matter in Hon'ble Punjab & Haryana High Court, but the Agriculture Ministry did not file a reply. This may indicate the possible involvement and collusion of some officers within the Agriculture Ministry with the multinational company, M/s. Bayer CropScience India in the illegal spending of public money on one specific brand of fungicide for unapproved treatment.

3.6 Whether the public expenditure on RAXIL was at all useful, no study was carried out to ascertain the actual reduction in the infestation of flag smut, loose smut or Karnal bunt disease in wheat crops in Haryana before and after Rabi 2010-11, *i.e.,* the year when the compulsory treatment of wheat seeds with RAXIL at public expense was started.

3.7 The collateral damage of corruption in purchase of RAXIL was the decline in wheat productivity by 20% in 2012-13 and consequent decline in wheat procurement under the Minimum Support Programme by 32.6% in 2013, relegating Haryana behind Madhya Pradesh to 3rd position in the country. This collateral damage was completely avoidable had the infestation of yellow rust disease in wheat crop been treated with Propiconazole 25 EC instead of spending public money on RAXIL. A copy of the letter dated 25.10.2013 written to the Chief Secretary, Haryana, in this regard is enclosed at Annexure II*. The incomes of farmers in the State reduced by over Rs. 3,000 crores, adversely affecting state GSDP by 1%, VAT revenues by Rs. 150 crores and Market Committee/Infrastructure Development fees by another Rs. 120 crores. Decline in wheat productivity would adversely affect the implementation of National Food Security in the country in the long run.

3.8 **Action required to be taken at Ministry level:**

(i) A CVC inquiry or investigation may be ordered into the conduct of concerned scientists of CCSHAU and officers of State Agriculture department acting in collusion with M/s. Bayer CropScience India leading to avoidable direct loss of Rs. 60-65 crores to the public exchequer, of which 50% belonged to the central RKVY scheme, in the last four crop years on the purchase of a specific branded fungicide (RAXIL) for unapproved treatment.

(ii) Action against M/s Bayer CropScience India for illegal marketing of RAXIL playing upon the illegal recommendations obtained from some State Agricultural Universities.

(iii) The Agriculture Ministry ought to file an appropriate reply without delay in the pending CWP (PIL) No. 6757 of 2013 before the Hon'ble Punjab & Haryana High Court. The next date in the case is fixed for 20 January, 2014. It is

*Not enclosed in this Report.

confounding as to why the Ministry did not file a reply even though central grants were used to purchase a specific brand of fungicide for illegal and unapproved treatment without open and competitive tenders and M/s. Bayer CropScience India had indulged in illegal marketing of its branded fungicide, RAXIL.

4. CORRUPTION IN SEED PURCHASE WITHOUT OPEN, COMPETITIVE TENDERS AND SUBSIDISING THE HIGH COST OF PURCHASE WITH GOVERNMENT SUBSIDIES

4.1 In a blatant manner, 45,605 quintals of wheat seeds were purchased at high rates (weighted average of Rs. 1,730/- per quintal) in HSDC in the month of November, 2009 from two private seed traders without any tender enquiry. The seeds purchased at high rates were offloaded to farmers at the then prevailing market rate of Rs. 1,400/- by utilising a subsidy of Rs. 400/- per quintal from the central RKVY scheme.

4.2 Another massive scam took place next year in the month of November, 2010, in which 99,996 quintals of wheat seeds were purchased at very high rates of Rs. 2,050/- per quintal without open & competitive tenders. The purchases were from the trading firms of a particular private middleman-broker, who routed seeds purchased privately from the market through the regional offices of NAFED and NCCF. The middleman had purchased uncertified wheat stocks from 32 different private seed firms in the name of his trading firms. The certification of the seeds after purchase was got arranged illegally from HSSCA by the end buyer, *i.e.,* HSDC. The wheat seeds purchased by HSDC could be sold off to farmers because the State Agriculture Department released Government subsidy @ Rs. 634.30 per quintal on the entire stock of seeds purchased. The whole thing was done by public servants employed in the State Agriculture Department, HSSCA, HSDC, NAFED and NCCF. The State Agriculture Department aided and abetted the scam by restricting the purchase of sseds through Government/Cooperative agencies and directing HSSCA to certify the uncertified wheat stocks of private traders after purchase for supply to HSDC under the banners of NAFED and NCCF and releasing Rs. 5.67 crores subsidy from the central RKVY scheme and another Rs. 67 lakhs from the State funds to offset the high cost of purchase. A simple check that the seeds supplied were not certified in the name of NCCF/NAFED was ignored by design.

4.3 This man and his trading firms acted as the middleman-broker to State/Central agencies in the region, including NAFED, NCCF, NSC and HSDC. The man acted as the kingpin of the supply racket by first

empanelling his trading firms as "co-producer" of the partnering Government/Cooperative organization. There was no co-production of seeds. The entire process of purchase was managed by the middleman-borker from both the buyer and the supplier ends. The seeds were purchased from other private traders by the trading firms of the middleman-borker and transferred on paper to the partnering Government organization at a fat margin. These seeds were then supplied to the buyer agency after adding 3% margin of the partnering Government organization in whose name the seed supplies were made. The partnering Government organization received 3% commission for lending its name to the supplies done by the trading firms of this middleman. The wrongful gains accruing to the middleman would possibly be shared with the officers of both the supplier and the buyer Government/Cooperative agencies. This corrupt racket could be sustained because of two critical factors which were conveniently overlooked—

(i) A limited tender enquiry was made restricted to Government/Cooperative agencies. The buyer ignored by design that the seeds were not certified in the name of the supplying Government/Cooperative agency.

(ii) Huge Government subsidies would lower the net costs of the seeds purchased, so that the seeds can be sold off without the buyer agency incurring losses.

4.4 A complaint dated 4.3.2013 against cheating by NCCF/NAFED causing wrongful gains to the trading firms of the particular middleman broker and wrongful losses to central Government subsidies was filed with the CBI in my official capacity as Managing Director of HSDC. The complaint after verification and finding of criminality upto the level of Director is registered as a Preliminary Enquiry bearing No. PECHG2013A0003 by the CBI. The main suspects in the complaint are the officers posted at that time in the Chandigarh regional office of NCCF, Ludhiana agro service centre of NAFED, the State Agriculture Department, HSDC and HSSCA. It is likely that part of the wrongful benefits accruing to the middleman-broker was passed on to the public servants involved in the above seed deal.

4.5 HSDC was also lending its name to the supplies of seeds to other State agencies by the trading firms of this middleman broker purchased from the open market HSDC had lent its name to the supplies of seeds worth 77.5 crores of rupees by the trading firms of this middleman broker in this fraudulent manner during the 30-month period from April, 2010 to September, 2012, prior to my joining HSDC

on October 15, 2012. The Commission earned by HSDC from such fraudulent supplies to other State/Central agencies was Rs. 2.32 crores. A statement of such fraudulent seed supplies by HSDC to other organizations in the years 2010-11, 2011-12 and 2012-13 are enclosed at Annexure*. The actual purchase by the firms of the middleman from the open market was at far lower rates. The trading firms of the middleman enjoyed a high margin of 25% to 50% and part of the benefits was shared with the officers of HSDC and the buyer-agencies. Such fraudulent supplies were completely stopped after my joining as Managing Director of HSDC on October 15, 2012, but were re-commenced after my transfer on April 4, 2013.

4.6 Central money was also used to subsidise the loss of HSDC by buying unsold guar seeds from HSDC in July, 2013 at three times the market rate and supplied to farmers after the sowing season was over. Guar seed is a highly speculative commercial crop grown in the dry regions of Rajasthan and western Haryana. HSDC had earned a net profit of Rs. 341 lakhs in 2012-13 from selling guar seed due to abnormal speculative increase in its price. Due to this, the co-production of guar seeds was increased three times to 3,573 quintals in the Kharif-2012 season. HSDC fixed the sale price of guar seed at Rs. 21,420/- per quintal, which was reduced to Rs. 17,500/- due to its unsaleability at the high rate. Even at the reduced rate, HSDC managed to sell just 352 quintals from its sales counters. Another 292 quintals was sold using the benefit of 50% central subsidy under the Seed Village Scheme. A quantity of 2,783 quintals remained unsold twoards the end of the sowing season. The sowing season of guar seed is between 1st June and 10th July, but before the onset of the monsoons. After all chances of sale of guar seeds at the fixed rate of Rs. 17,500/- was finished, central RKVY funds were used in the month of July 2013 to bail out HSDC and the entire unsold 2,783 quintals of guar seed was purchased by the Agriculture Department at Rs. 17,500/- per quintal for the ostensible purpose of "free" supply to farmers, when the market rate was much lower. As per the price chart of NCDEX and two major mandis at Hisar and Adampur of Haryana State, the market rate of guar seed showed a secular decline from Rs. 7,000/- in the beginning of July 2013 to Rs. 5,000/- per quintal towards the end of the month. The guar seeds were purchased from HSDC towards the end of the sowing season sometime in July 2013 without tender at three times the then market rate using central money. The free distribution of guar seeds to farmers took place between 10th July and 15th August, 2013 on paper. An independent inquiry would establish the truth

*Not enclosed in this Report.

whether the guar seeds were distributed to farmers and to wheat use the guar seeds distributed free to farmers after the sowing season was put to. The intention of the State Agriculture Department was to bail out HSDC and this was accomplished by spending Rs. 513 lakhs from central money (RKVY = Rs. 487 lakhs and Seed Village Scheme = Rs. 26 lakhs), while the same quantity of certified Guar seeds could have been purchased from the open market at 1/3rd the rate of HSDC.

4.7 Another mode in vogue to misappropriate central subsidies was the purchase of specific branded seeds and weedicides belonging to specific private companies. An indent for the purchase of specific branded seeds and weedicides would be sent to HSDC and premeditated rates in sham enquiries would be communicated by HSDC to the State Agriculture Department, which would be approved. The private brand seeds would thus be purchased at high rates in this manner and sold to farmers after applying subsidies between 50% and 100% from the central RKVY or NFSM schemes. The officers of Agriculture Department and HSDC would receive their "baksheesh" from the private seed companies. There were examples of hybrid maize and sunflower seeds during my tenure in HSDC. There was another case during my tenure in HSDC of free supply to.farmers through the district offices of the State Agriculture Department of TOPPLE weedicide (a specific brand of M/s. Swal Corporation) purchased out of the funds of the central NFSM scheme. Some packets of TOPPLE weedicide purchased under the central NFSM scheme found their way to private dealers instead of free supply to farmers.

4.8 **Action required to be taken at Ministry level:**

(i) A CVC inquiry or investigation may be ordered into all cases of seeds sold or purchased in restricted or limited tender inquiries, in which the seeds purchased were not produced/co-produced and certified in the name of the supplying Government/Cooperative agency and the high cost of purchase was offset in the buyer agency using central subsidies. The scope of the preliminary enquiry no. PECHG2013A0003 registered by CBl may be expanded to cover all such seed supplies made by NCCF, NSC, NAFED and HSDC in their names, but actually sourced from private unscrupulous trading firms at high rates without open and competitive tenders. This would help in determining the extent of wrongful losses caused to the central exchequer, by offsetting the high cost of purchase using central subsidies in the buyer agency.

(ii) Central subsidies administered by the Agriculture Ministry either subsidizes gross inefficiencies or promote corruption Ln implementing agencies at the State level. To prevent misappropriation of central subsidies in the name of subsidies to farmers, it is suggested that central subsidies meant for farmers may be credited directly into their bank accounts under the Direct Benefits Transfer scheme. This is easy to implement in most-states where farmers have a bank account. Direct transfer of benefits to farmers would enable more choice amongst the farmers and promote greater competition amongst the producers of agricultural inputs.

5. MISUSE OF CENTRAL FINANCIAL ASSISTANCE UNDER THE SEED VILLAGE SCHEME

5.1 Seed Village Scheme is a central sector scheme in which financial assistance at 50% of the cost of seeds is provided to farmers for production of seeds. The assistance is limited to half acre per individual farmer. The assistance is therefore limited to 20 kg of seeds per farmer in the case of wheat. It was reported during my field tours while posted in HSDC that the central financial assistance under the Scheme was largely misappropriated. The wheat seeds sold under the-Scheme were not used for production of seeds, but were instead diverted at a premium to individuals and flour mills for consumption as grain. A premium between Rs. 300/- and Rs. 400/- per quintal accrued to the Implementing officials due to the wrong diversion from seed production to consumption as grain. The central financial assistance at 50% of the gross seed sale rate fixed by HSDC acted as a cushion to meet part of the wage & salary bills of an overstaffed and inefficient organization.

5.2 In Rabi 2011-12, the quantity of wheat seeds sold under the Seed Village Scheme was 36,858 quintals and HSDC appropriated central financial assistance at around Rs. 1,200/- per quintal amounting to around Rs. 4.5 crores. The sale of 36,858 quintals of wheat seeds under the scheme to farmers for production of seeds meant that there were 1,84,290 different beneficiary farmers and that 18 lakh quintals of wheat seeds were produced under the scheme in Rabi 2011-12, which would normally be available for sowing in Rabi 2012-13, The total sown area under wheat in the State of Haryana is less than 25 lakh hectares. The seed replacement rate is estimated at between 55-60%. The sale of certified seeds by registered seed producers in Rabi 2012-13 was over 15 lakh quintals which can be corroborated from the corresponding reimbursement of RAXIL pouches to the seed producers.

The total wheat seeds sown on paper in Rabi 2012-13 was therefore 33 lakh quintals (= 18+15). This translates to a seed replacement rate of 132% (= $^{33}/_{25}$ * 100), which is *argumentum ad absurdum*.

5.3 I had, therefore, issued instructions that the sale of wheat seeds under the Seed Village Scheme should be strictly for .the production of seeds by farmers because of which the sale of wheat seeds under the Seed Village Scheme in Rabi 2012-13 was only 9,101 quintals against 36,858 quintals in the previous year, a drop of 75%.

5.4 **Action required to be taken at Ministry level:**

(i) A-CVC inquiry or investigation may be ordered into the sale of 36,858 quintals of wheat seeds under the Seed Village Scheme in Rabi 2011-12 and the actual outcome in terms of quantity of wheat seeds produced and the quantity sown in Rabi 2012-13.

(ii) The central financial assistance under the Seed Village Scheme should be credited directly into the bank accounts of farmers under the Direct Benefits Transfer scheme to prevent misuse of central financial assistance in some State implementing agencies.

6. Through this letter, it is humbly requested in the interest of the agriculture sector and the farmers of this country that the Department of Agriculture and Cooperation may be directed to take necessary action as suggested in Para Nos. 3.8, 4.8 and 5.4 above. It is further suggested that the Department may be directed to ensure direct transfer, of subsidies into the bank accounts of farmers. This measure will help in controlling the recurrence of misappropriation of Government subsidies meant for farmers in the future.

With warm regards,

Yours sincerely,

Sd/-
(Ashok Khemka)
3.12.2013

ANNEXURE IV

(*Vide* Para 3.23)

RESPONSE RECEIVED FROM THE MINISTRY OF AGRICULTURE (DEPARTMENT OF AGRICULTURE AND COOPERATION) ON THE REPRESENTATION

3. MISUSE OF CENTRAL SUBSIDIES IN PURCHASE OF RAXIL FOR NON-APPROVED USE

Reply to para 3.1 to 3.8 of the representation

Shri Ashok Khemka, Ex-Managing Director; Haryana Seeds Development Corporation Limited (HSDCL) has alleged that Government of Haryana has misused central subsidy by purchasing the pesticide RAXIL for non-approved use on the basis of a recommendation made by Haryana Agricultural University (HAU) that treatment of wheat seeds with RAXIL 2% DS is effective against Karnal bunt disease. It has further been alleged that M/s Bayers Crop Science indulged in illegal marketing of RAXIL 2% DS, claiming, on the basis of recommendations of Haryana Agriculture University, Govind Ballabh Pant Agriculture University and Punjab Agriculture University, that the pesticide formulation is effective in controlling loose smut, flag smut and Karnal Bunt in wheat. It has been pointed out that the Union Agriculture Secretary has alerted Chief Secretaries of State Governments against non approved usage of pesticides by a letter dated May 2, 2013. Shri Khemka has demanded (i) a CVC inquiry into the conduct of scientists of HAU and Officers of State Agriculture Department acting in collusion with M/s Bayers Crop Science India; (ii) action against M/s Bayers Crop Sciences India for illegal marketing of RAXIL; and (iii) filing an appropriate reply in CWP (PIL) No. 6757 of 2013 in the Punjab and Haryana High Court.

Response:

(a) **Registration Process of Pesticides in India:** The legal and regulatory framework for the import, manufacture, sale, transport, distribution and use of pesticides is provided under the Insecticides Act, 1968 and the Insecticides Rules, 1971. The Act provides for the constitution of a Registration Committee (RC) to 'register insecticides after scrutinizing their formulae and verifying claims made by the importer or the manufacture; as the case may be as regards their

efficacy and safety to human being and animals....'. The RC has devised detailed guidelines which cover a wide gamut of technical information and data on chemistry, efficacy, toxicity, pesticides residues, packaging, shelf-life etc. to verify efficacy and safety of a pesticide before the application for registration for import, manufacture, distribution and sale is granted approval. Pesticides are toxic and potentially hazardous chemicals and hence these aspects of evaluation have a significant bearing on human and environmental health. The registrants are therefore required to generate data in laboratories and supervised trials in fields located in different agro-climatic zones of the country and satisfy the RC on their safety and efficacy.

(b) **Action taken by Central Insecticides Board and Registration Committee (CIB&RC):** Tebuconazole 2% DS is registered by RC for loose/flag smut on wheat. However, it is not registered for Karnal Bunt. Therefore, the Department of Agriculture and Cooperation referred the matter pertaining to unapproved use of Tebuconazole 2% DS generic name for the Bayer Crop Science product by the trade name RAXIL, against Karnal Bunt to the Secretariat of CIB&RC. CIB&RC issued Show Cause Notice on 29th April, 2013 to M/s Bayer Crop Science Limited with respect to allegations made in the Writ Petition No. 6757 of 2013 that the firm supplied/sold the above product knowingly, for control of Karnal Bunt in wheat even though the pesticide formulation was not approved by the RC for this purpose. M/s Bayer Crop Science Limited replied to the Show Cause Notice on 13th May, 2013 and clarified that Raxil 2% DS (Tebuconazole 2% DS) is also extensively tested and included in the package of practices recommendations of premier State. Agricultural Universities *i.e.* Haryana Agricultural University, Hissar and Govind Ballabh Pant University of Agriculture and Technology, Pantnagar for the control of loose smut, false smut and Karnal Bunt which is also a seed borne disease of wheat.

The matter was then taken up in 342nd meeting of the RC held on 27.9.2013 wherein a Sub-committee was constituted under the Chairmanship of Assistant Director General (Plant Protection) in the Indian Council of Agriculture Research to evaluate the reply from M/s Bayer Crop Science Limited, Mumbai to the Show Cause Notice. The evaluation report is yet to be submitted by the sub-committee.

(c) **Action taken by Department of Agriculture and Cooperation (DAC):** Taking cognizance of a news article in *The Tribune* dated 14.3.2013 on unapproved use-of RAXIL for seed treatment against Karnal Bunt, Department of Agriculture and Cooperation, Ministry of Agriculture sought a factual report from Government of Haryana on 8th April, 2013 on the issue. Haryana Government sent its report on 9th May, defending their decision to recommend the use of RAXIL against Karnal Bunt on the basis of recommendation of HAU, Hissar and G.B. Pant University of Agriculture and Technology for application of RAXIL 2% DS for treatment of three fungal diseases namely, Loose Smut, Flag Smut and Karnal Bunt. A copy of the report is at Annexure*. In the report the State Government has stated that as per the recommendation of HAU, RAXIL is most cost effective and environment friendly fungicide for treatment of wheat seed and that there is no research based finding to prove that RAXIL 2% DS does not control Karnal Bunt diseases of wheat crop whereas there are research based recommendations of at least two leading Agricultural Universities of the country to the effect that RAXIL 2% DS is effective against the control of Karnal Bunt.

However, this action is not in consonance with the process of registration followed in the CIB&RC as per the mandate of the Insecticides Act. Very often, State Agricultural Universities conduct supervised trials on efficacy of a pesticide against a crop-pest complex alone, without going into the details related to pesticides residues in the crop, persistence in the environment etc. Besides, the legal sanction for registration of pesticides for application on specified crops and specified pests vests with the RC alone. Accordingly, a letter dated 18.09.2013 was sent to Principal Secretary, Agriculture, Government of Haryana from DAC explaining in detail the legal/regulatory framework in relation to registration of pesticides and the need to respect the system for the sake of safety of human, animals and environment.

DAC once again sought response on the issue raised by Shri Khemka on 17.12.2013. In their reply dated 30.12.2013 (Copy enclosed at Annexure-II), Government of Haryana has rejected all allegations made against the decision to

*Not enclosed in this Report.

procure RAXIL 2% DS formulation for treatment of wheat seeds against Karnal Bunt on the grounds that the matter is *sub-judice* in a Civil Writ Petition (CWP) before the Punjab and Haryana High Court filed by Bhiwani Sudhar and Vikas Samiti. Further, it has been reiterated that the application of RAXIL 2% DS in treatment of wheat seeds was based on advice from the Haryana Agriculture University.

(d) **Civil Writ Petition No. 6757 of 2013:** It is further averred that in the Civil Writ Petition No. 6757 of 2013 filed by Bhiwani Sudhar and Vikas Samiti Limited in Punjab and Haryana High Court a counter affidavit has been filed by UOI through the DAC well in time before the first date of hearing held on 15.5.2013. In the writ petition, the petitioner has prayed that the respondent need to produce complete records of the case including scientific test results of the universities supporting the claim that RAXIL controls Karnal Bunt disease in wheat crop. Secondly, it has prayed for appointment of an independent investigating agency like CBI or special investigation team to unearth the corrupt role of the respondent and recovery of misappropriated public funds and for interim order regarding further use and purchase of RAXIL 2% DS.

(e) **Procurement of RAXIL 2% DS by Government of Haryana:** This matter has been referred to Chief Vigilance Officer in the DAC.

4. CORRUPTION IN SEED PURCHASE WITHOUT OPEN, COMPETITIVE TENDERS AND SUBSIDISING THE HIGH COST OF PURCHASE WITH GOVERNMENT SUBSIDIES

Since the aforesaid purchase of seeds was the decision of the Government of Haryana, the complaint was forwarded to Government of Haryana for comments. The comments received from Government of Haryana are enclosed in Annexure*. Gist of para-wise reply/response/comments received from Government of Haryana are as follows:

4.1 During Rabi 2009-10, the Agriculture Department of the State *vide* letter dated 4.11.2009 had directed HSDC to stock additional 50,000 quintals of certified seed of wheat to meet demand of the farmers. The general sale rate of certified seed of wheat by HSDC was fixed

*Not enclosed in this Report.

by the State Government at Rs. 2100 per quintal and subsidized sale rate for the farmers was fixed at Rs. 1400 per quintal after allowing a subsidy of Rs. 700 per quintal. Accordingly, HSDC requested UP Seeds and Tarai Development Corporation, SFCI, Rajasthan State Seed Corporation, UP Seed Development Corporation, Punjab State Seed Corporation, NSC, NCCF, Chandigarh and Delhi to confirm the availability and rates of certified seed of wheat varieties, namely, PBW-343 and WH-711. The response was received only from National Seed Corporation (NSC) which intimated the availability of only 2000 quintals of PBW-343 at the rate of Rs. 2100 per quintal with 5% trade discount. Thus, the net rate quoted by NSC came to Rs. 1995 per quintal F.O.R. destination. Since this rate was very much on the higher side, HSDC constituted a committee comprising of senior officers of the Corporation to explore the availability of seeds in the market and negotiate the rates with the private seed producers. After ..negotiations, the average purchase rate of certified seed of wheat of the requisite varieties was finalized at Rs. 1729.04 per quintal F.O.R. destination. After adding the service charges of HSDC the sale rice of the said additional quantity of seed was fixed at Rs. 1800 per quintal which was lower by Rs. 195 per quintal than, the rate demanded by NSC. After providing a subsidy of Rs. 400 per quintal, this seed was sold to the farmers at the rate of Rs. 1400 per quintal. It is pertinent to mention here that on HSDC's own produced seed the subsidy at the rate of Rs. 700 per quintal was given to the farmers. Since this additional quantity was procured by HSDC at a rate which was lower than its own sale rate of Rs. 2100 per quintal, therefore, a subsidy of only Rs. 400 per quintal was provided to the farmers keeping the subsidized rate for the farmers at the same rate of Rs. 1400 per quintal. Therefore, there has been no mis-utilization of subsidy. It is further added that since the sowing season was at its peak, therefore, there was no time left for floating open tenders. Sometimes in order to meet emergent demand of the farmers even spot purchasing has to be done because delay of sowing even by 3-4 days reduces the productivity of wheat. The entire additional quantity of 45605 quintals of certified seed of wheat purchased by HSDC during Rabi 2009-10 was sold to the farmers and there has been no complaint whatsoever by any farmer of the State either against the quality of the seed so supplied or about the sale rate of the said seed. Therefore, the allegations levelled by Sh. Ashok Khemka in this Sub-para are imaginary and without any substance.

4.2 to 4.4 The purchase of additional 99,974 quintals of certified seed of wheat was made by HSDC in an emergency situation during Rabi 2010-11 in the interest of the farmers with the prior approval of

the State Government as the private seed producers had withheld supply of certified seed as they had challenged the decision of the State Government for 100% treatment of certified seed of wheat by filing CWPs No. 19016 & 19017 of 2010 in the Hon'ble Punjab and Haryana High Court. The seed available with HSDC was insufficient to meet the requirements of the farmers who would have faced a crisis situation during the peak sowing season. But for the purchase of this additional quantity of certified seed of wheat there would have been an alarming situation if the seed was not made available to the farmers. It could have also caused an embarrassment to the State Government apart from leading to unrest among the farmers of the State. It is further submitted that the 32 seed producing firms which supplied the said additional quantity of certified seed of wheat are duly registered with Haryana State Seed Certification Agency (HSSCA) and they had followed the required procedure/norms of seed certification. The entire quantity of such seed had duly passed the requisite field and laboratory tests.

Government of Haryana stated that Sh. Ashok Khemka is not at all aware about the procedure and process of seed certification. The HSSCA had certified the seed of only those producers which were duly registered with it and HSSCA had not certified any seed illegally as alleged by Sh. Ashok Khemka. The seed certification is a time consuming process and takes about 10 to 12 months.

It is further added that the sale rate of certified seed of wheat fixed by the State Government during 2010-11 for HSDC and other Seed Supplying Agencies in the public/cooperative sector was Rs. 2150 per quintal on which a subsidy of Rs. 500 per quintal was provided to the farmers as per Government of India guidelines. It is pointed out that a subsidy of Rs. 500 per quintal subject to a maximum of 50% of the cost of the seed, was admissible as per GoI norms. Therefore, there has been no mis-utilisation or misappropriation of subsidy under RKVY as alleged by Sh. Ashok Khemka. Further, in order to promote the seed treatment the State Government had also provided fungicide for 100% treatment of certified seed of wheat by all the seed suppliers including those in the private sector out of RKVY funds and State plan. It is further added that the entire quantity of 99,974 quintals was sold and there has been no complaint whatsoever by any farmer of the State either against the quality of the seed or against the sale rate thereof. No farmer has made any complaint against the non supply of fungicide along with the seed bags sold to them during the Rabi 2010-11. Moreover, the productivity of wheat of the State during 2010-11 had increased to 4624 Kg./ha. and the State got

the Krishi Karman Award for being the best performing State under wheat for 2010-11. The State was awarded the Krishi Karman Award once again for Rabi 2011-12. The citation of the Krishi Karman Award for Rabi 2010-11 and 2011-12 specifically mentions the initiative of 100% treatment of certified seed of wheat taken by the State Government.

The complaint dated 4.3.2013 sent to CBI by Sh. Khemka was examined by the Department of Agriculture, Government of Haryana and after examining the facts it was found that the purchase of the additional 99,974 quintals was made by HSDC in an emergency situation in the interest of the farmers with the prior approval of the State Government as the private seed producers had deliberately withheld their stocks in view of the pendency of CWPs No. 19016 and 19017 of 2010 in the Hon'ble Punjab and Haryana High Court. The purchase of the said additional quantity of seed during the peak sowing season was made through reputed Cooperative Federations, namely, NCCF and NAFED which have their own established procedures of procurement and sale of certified seeds. The most important advantage in making purchases from such reputed, organizations is that in case the seed supplied by them fails the quality parameters than they Can be held accountable. On the other hand, such a comfort is not normally available in case of the private seed suppliers. The rates of seed quoted by Sh. Ashok Khemka in his complaint dated 4.3.2013 sent to CBI are not supported by any credible documentary evidence. On the other hand, he had enclosed only pamphlets, and letter heads purportedly issued by some private seed producers without any actual bills of sale of certified seed of wheat during the relevant period. The State Government after detailed examination of the said complaint dated 4.3.2013 had decided that the said complaint made by Sh. Ashok Khemka was baseless which was not supported by any documentary evidence and the allegations levelled in the said complaint were unfounded as the same were based on mere assumptions and unreliable information and DIG, CBI, Chandigarh was informed accordingly by the State Government after approval of the Hon'ble Chief Minister.

Decision to procure seeds for distribution is taken by the State Government on the basis its assessment of the requirement and availability of seeds.

NAFED has informed that its Agro Service Centre, Ludhiana received a letter No. HSDC/Seeds/F-/2010/SPL-I dated 31.10.2010 through fax from Chief Manager Production, Haryana State Seeds Development Corporation Limited (HSDCL), Panchkula informing that HSDC is in need of One lakh quintal certified seed of Wheat (varieties

and quantities mentioned in the letter) in 40 kg. Size bags treated with Raxil 2DS fungicide as recommended by CCS, HAU. The availability of Wheat seeds and their rates against enquiry dated 31.10.2010 received from HSDCL for different varieties were obtained by NAFED Agro Service Centre Ludhiana from empanelled seed supplier, namely, M/s United Agri. Seeds Corporation, Delhi. Accordingly NAFED Agro Service Centre Ludhiana conveyed to MD, HSDCL, Panchkula *vide* their letter No. ASC/LDH/HAR/2010-11/201 dated 3.11.2010 that they are ready to supply 10000 quintal of wheat seed @ Rs. 2050 per quintal of Wheat variety PBW 343 certified and untreated and the same was supplied to HSDCL at the given destination.

Principal Secretary, Agriculture Department, Chandigarh forwarded to MD, NAFED a copy of the complaint dated 19.3.2013 against NAFED by Managing Director, HSDCL to the DIG, CBI, Chandigarh for appropriate action by NAFED.

Accordingly a Fact Finding Enquiry was got conducted by NAFED to ascertain the veracity of the complaint filed by MD, HSDCL, Punchkula with DIG, CBI, Chandigarh. As per the fact finding enquiry report, quotation from only one non empanelled party was obtained and therefore there was no competition, (copy enclosed as Annexure*. Accordingly, the services of the concerned officer, Shri R.P. Sharma, the then In-charge Agro Service Centre, Ludhiana has been placed under suspension followed by disciplinary proceedings against him.

As regards supply of seeds by NCCF to HSDC, Ministry of Consumer Affairs, has informed that seeds were supplied to HSDC by NCCF during 2010. The processing of supply order was done by their branch office at Chandigarh and the records have been verified by both the MD and CVO of NCCF and it has been reported that there has been no irregularity whatsoever in supply of seeds. The local CBI, Chandigarh has taken copies of records of NCCF and they have also been intimated that there has been no procedural, lapses by NCCF in supply of seeds to HSDC.

NSC reported that purchase being made through a man and his trading firm, alleged to have acted as middleman/broker to central agencies, is not correct and far from truth.

4.5 HSDC is a self-sustaining Corporation and no grant or assistance is received by the Corporation either from the State Government or

*Not enclosed in this Report.

the Central Government. About 80% of the turnover of HSDC comes from the sale of certified seed of Wheat. The survival of this Corporation is very much necessary to stabilize the prices in the market. Whenever the seed with HSDC is exhausted, the private seed producers jack up the prices of certified seed of wheat which puts an extra burden on the farmers. Moreover, the quality of seed sold by HSDC is perceived by the farmers to be much better than the seed sold by the private producers.

One of the main objects as contained in Clause 3A(e) of the Memorandum of Association of HSDC is as under:-

> "To enter into contract with individuals, co-operative societies, corporations and Government agencies in the growing, processing, drying, storing, distributing, transporting, buying and selling of agricultural seeds."

Further, as per Clause 3B(19) of the Memorandum of Association one of the objects incidental or ancillary to the attainment of the main objects, the HSDC is permitted:-

> "To enter into partnership or into any arrangement for joint working, sharing o or pooling profits, amalgamation, union of interest, co-operation, joint venture, reciprocal concession or otherwise or amalgamate with any person or company carrying on or engaged in or about to carry on or engage in any business or .-transaction which the Company is authorized to carry on or engage in or any business undertaking or transaction which may seem capable of being carried on or conducted so as directly or indirectly to benefit the Company."

Since an amount of about Rs. 18 crore is spent annually on the establishment cost of the Corporation, and hence, in order to keep it financially viable, HSDC also supplied seed to other States and Agencies through their co-suppliers in tune with the Objects of the Corporation as mentioned above. Co-producers/Co-suppliers were .engaged for this purpose and terms and conditions for the supply of seed were approved after thorough examination of the credibility and genuineness of the co-suppliers. The entire responsibility for the supply of seeds including the quality of seeds was that of the co-suppliers. HSDC had also kept a check on the quality of the seed supplied by such co-suppliers for which HSDC charged 3% service charges on the supply of such seeds by the co-suppliers, as is done by all the National and State Seed Corporations/Cooperative Federations, like NSC, NAFED and NCCF. The seeds supplied by such co-suppliers in various

States fulfilled the demand of certified seed in such States which ultimately improved the Seed Replacement Rate (SRR) there also. HSDC had never claimed any subsidy either from the Central Government or the State Government on the seed supplied by its co-suppliers. However, the scheme of empanelling the co-suppliers by HSDC was reviewed in the month of September, 2012 and the same was discontinued with effect from 18.9.2012 and it was decided that HSDC should expand the volume of its own business. It is pointed out that Sh. Ashok Khemka had joined as MD, HSDC only on 15.10.2012 after the decision to stop the empanelment of co-suppliers had already been taken on 18.9.2012. Sh. Ashok Khemka had absolutely no role whatsoever in the decision to discontinue the empanelment of co-suppliers which was taken before his joining as MD, HSDC. Therefore, the claim made by Sh. Ashok Khemka that he had stopped the fraudulent supplies through co-suppliers is not correct. Therefore, his allegation that the supplies of seed through co-suppliers were re-commenced after his transfer on 4.4.2013 is baseless as no such re-commencement has taken place after his transfer from HSDC till date. Moreover, no empanelment of co-suppliers had been done by HSDC after a formal decision to discontinue the said practice was taken on 18.9.2012. Sh. Ashok Khemka as MD, HSDC had not taken a single step to improve the financial viability of the Corporation as he did not take any interest in increasing the volume of its business. He rather caused a huge loss to the Corporation by not taking adequate interest in liquidating the stocks of certified seed of Wheat worth Rs. 22 crore during his tenure as MD, HSDC. It is also clarified that the decision dated 18.9.2012 to discontinue the empanelment of co-suppliers by HSDC was not taken because there was any illegality therein. For the present the corporation is concentrating on increasing the volume of its own business. However, it is further pointed out that National Seed Corporation, NAFED, NCCF and other State Seed Corporations also empanel their co-producers/co-suppliers for improving their financial viability under their respective guidelines adopted for the purpose.

Therefore, there has been neither any illegality in the matter of empanelling the co-suppliers by HSDC nor the supplies so made by HSDC through its co-suppliers were, fraudulent as alleged by Sh. Ashok Khemka in this sub-para.

4.6 It is submitted that the Guar crop is one of the most important commercial crops which has a number of industrial uses. The crop is leguminous in nature and is, therefore, good for soil health also. This crop has a great potential in the State of Haryana to replace paddy, cotton and bajra crops in some of the areas and, therefore, it is an

important crop under the crop diversification programme launched by the Government of India in the original Green Revolution States. However, its prices are very volatile which keep on fluctuating every year. HSDC has a well laid-down policy for fixation of the sale rate of Guar crop every year. There is a great demand of the Guar seed particularly when the prices of Guar shoot-up in the market. It is further pointed out that the quality of Guar seed produced in the State of Haryana is one of the best in the Country. Sometimes HSDC is not in a position to meet the entire demand of Guar seed of the farmers. Keeping in view the specific advantages of Guar Crop, HSDC has increased the seed production programme of this crop.

The optimum time for sowing of Guar crop is by mid-July to harvest good yield as per the recommendations of CCS HAU, Hisar as contained in its package of practices. The yield is considerably reduced if sowing is done after 3rd week of July. The yield of the crop is also reduced due to more vegetative growth if sown early. As per the policy adopted by HSDC, 30% higher than the average of 5 highest mandi rates of Hisar from 14th December to 31st December or 30% premium on prevailing average of higher rates published in the newspapers of different mandis, whichever is higher, is given to the farmers for procuring the Guar seed. Accordingly, 2539 quintals of Guar seed was procured from the registered seed growers of HSDC under its policy during October, 2012 @ Rs. 15224/- per quintal during the tenure of Sh. Ashok Khemka as MD of the Corporation, as per the policy approved by the Board of Directors.

As per the approved cost structure of HSDC, general sale rate of Guar seed was o fixed @ Rs. 21420/- per quintal for Kharif-2013 which was approved by Sh. Ashok Khemka himself. These rates were further reduced to Rs. 17500/- per quintal by the State Government in the month of May, 2013 on the recommendation of the present MD, HSDC keeping in view the prevailing market rates. HSDC sold 353 quintals of Guar seed from its sale counters and 293 quintals under the seed village scheme. In the meantime, Department of Agriculture requested HSDC to intimate the availability and supply rate of Guar seed required under Crop Diversification Programme. HSDC intimated the availability and supply rate of Guar seed @ Rs. 17500/- per quintal to the department. On getting the supply order, HSDC supplied 2745 quintals of Guar seed to the Agriculture Department which included its own produced seed as well as seed of Guar procured from National Seed Corporation (NSC), State Farms Corporation of India (SFCI) and KRIBCHO. The entire quantity of seed by the HSDC was supplied at the cost price by 11.7.2013 which was the most optimum time for the

sowing of the crop. No complaint regarding the quality of the Guar seed was received from any part of the State. The complete record of the farmers to whom the Guar seed has been supplied is available with the Agriculture Department. Timely supply of certified seed of Guar facilitated the department to promote Guar crop in the State under the Crop Diversification Programme which is required to break the paddy-wheat cycle in some parts of the State. It is also pointed out that the rate of certified seed of Guar cannot be compared with the rate of Guar sold in the open market. The farmers have to be provided only the certified seed of Guar to ensure the quality of the crop and they cannot be supplied whatever seed is available in the market.

It is also added here that Sh. Ashok Khemka as the then MD, HSDC had himself ordered the purchase of 2539 quintals of Guar seed from the seed growers of HSDC @ Rs. 15,224 per quintal and he himself had fixed the sale price of Guar seed @ Rs. 21,420 per quintal; He could have fixed a lower rate but he did not do so. Now he suggests that HSDC should have not sold the seed of Guar even at its cost price even though they would have suffered huge losses on this account by keeping the seed unsold. The allegation of Sh. Ashok Khemka that the distribution of Guar seed was made to the farmers at the end of the sowing season and that it was aimed to bail out HSDC is mischievous, baseless and unfounded. HSDC is a Government company which is bound to follow the price policy approved by its Board of Directors/State Government from time to time.

4.7 Assistance for seed distribution and weedicide are approved interventions under NFSM. Under NFSM Wheat, subsidy for seed distribution is provided @ 5/kg. or 50% of the cost, whichever is less. The rate of assistance for weedicide is Rs. 500 per ha. or 50% of the cost, whichever is less.

The Annual Action Plans under NFSM giving intervention-wise targets are finalized in consultation with the States. Thereafter, States implement the interventions as per approved guidelines/assistance norms, including those for seed and weedicide distribution. However, seed and weedicide procurement for distribution under NFSM is done by the States and GoI has no role in these transactions. Since the aforesaid purchase of seeds and weedicide was the decision of the Government of Haryana, the complaint was forwarded to Government of Haryana for furnishing its comments. The response/comments received from Government of Haryana is as follows:

The allegations levelled by Sh. Ashok Khemka regarding the mis-appropriation of central subsidy in the purchase of specific branded seeds and weedicides are mischievous and unfounded which show his

lack of knowledge about the specific preferences of the farmers for particular brands only. To promote some specific crops in the State under the crop diversification programme, branded seeds and weedicides as demanded by the Agriculture department were made available by HSDC. The rates of these items were fixed by the Agriculture Department by following due procedure and the rates were quite competitive which were approved by the competent authority in the State Government. An option was provided to the farmers to purchase any brand of seed/weedicide as per their choice. The seeds/weedicides were supplied to the farmers in a transparent manner on the basis of the permits issued by the Field Officers of the Agriculture department.

The quality of the seeds and weedicides is very important. There are some hybrids of maize which give a much higher yield as compared to other hybrids. Therefore, it becomes necessary to promote only those hybrids of maize, which give much higher yield to motivate the farmers towards growing maize so that paddy crop which is a water-guzzling crop could be replaced under Crop Diversification Programme. Similarly, the farmers also have a specific preference for certain brands of weedicides like Topple (Swal Corporation), Topik (Syngenta India Ltd.), Total and Vesta (United Phosphorus Ltd.), etc. There is no point in purchasing weedicides by HSDC which have no demand from the farmers.

It is surprising that the rate of Topple weedicide was fixed by Sh. Ashok Khemka himself. This weedicide was supplied free of cost for a limited number of demonstrations and also on 50% subsidy under National Food Security Mission (Wheat). It is also relevant to mention that the demonstrations under NFSM (Wheat) are laid under the direct supervision of the field functionaries of the Agriculture Department and the weedicide was supplied directly by HSDC to the Agriculture Development Officers/Block Agriculture Officers for further supplies to the farmers for demonstration purposes. Therefore, the allegation of Sh. Khemka that Topple weedicide found its, way to the private dealers instead of the farmers is too far-fetched and unsubstantiated.

4.8 The allegations levelled by Sh. Ashok Khemka are baseless and emanate from the lack of his knowledge of the subject. He infact did not take adequate interest in his job as MD, HSDC with the result that the Corporation was burdened with an all time high unsold quantity of more than 87,000 quintals of certified seed of Wheat worth Rs. 22 crore at the end of Rabi 2012-13 which has caused a huge

financial loss to the Corporation making its financial position highly vulnerable. Sh. Ashok Khemka perhaps wants to cover up his own acts of omission and commission for which disciplinary action is contemplated against him. Comments regarding the complaint dated 4.3.2013 made by Sh. Ashok Khemka to CBI have already been given above in Sub-Paras 4.2 to 4.4.

5. MISUSE OF CENTRAL FINANCIAL ASSISTANCE UNDER THE SEED VILLAGE SCHEME

Para-wise replies are as follows:

5.1 To upgrade the quality of farmers saved seed used for crop production programme, the Seed village Scheme provide financial assistance for distribution of foundation/certified seed at 50% cost of the seed of crops for production of quality seeds by farmers themselves and provide training on seed production and seed technology to farmers. The State Government and the implementing agencies will have to identify a compact area/cluster approach, suitable responding/willing minimum 50 farmers for the same crop will be identified/selected in consultation with the concerned State Department of Agriculture by the implementing Agencies. The number of farmers may be more than 50 also subject to maximum of 150. The crop varieties normally grown in the seeds villages will be decided in consultation with the farmers preferably the same crop for all the farmers.

The concerned implementing agencies will distribute the foundation/certified seeds at 50% cost to the already identified farmers. The seeds for half an acre per farmer will be allowed. The concerned implementing agencies distributing foundation/certified seed will provide the training on seed production and seed technology to farmers for the seed crops grown in the seed villages. The duration of the training would be three days.

The seeds produced by the farmers are used by the farmer(s) himself/themselves in the next sowing season and the remaining seeds are exchanged/sold to the other farmers in the seed villages and other villages.

Implementation of Seed Village Scheme is the full responsibility of the State Government. Under the scheme, funds are released to the State Government/implementing agencies on the basis of proposal received through the State Government. The Government of Haryana was requested for furnishing its comments on the matter.

The response/comments received from Government of Haryana are as follows:

Seed Village Scheme is a well-conceived Centrally Sponsored Scheme aimed at improving the stock of farm saved seeds for enhancing crop production/productivity. Implementation of this scheme has gone a long way in improving the quality of seeds and in improving the productivity of various crops in the State. Under the scheme, 20 kg. of certified seed of Wheat for half an acre area is provided to one farmer on 50% subsidy subject to a minimum of 50 and maximum of 150 farmers per village. The subsidy per farmer comes to around Rs. 250 only. These farmers are also provided training during the crop growing season to educate them regarding the improved agronomic practices of seed production. Wheat is the main Rabi foodgrain crop of the State and promotion of this crop is also essential for the food security of the country. Hence, certified seed of wheat was supplied under the Seed Village Scheme as per the requirement under the GoI policy. It is pointed out that Sh. Khemka had not conducted any field tour as MD, HSDC to supervise the seed village scheme. Therefore, his allegation that a premium between Rs. 300/- and Rs. 400/- per quintal accrued to the implementing officials due to the wrong diversion from seed production to consumption as grain is only based on assumptions, imagination and therefore, is unfounded. He has not enclosed any documentary proof to substantiate this allegation nor did he initiate any such study or evaluation when he was the MD, HSDC himself.

The project proposal under Seed Village Scheme is prepared and submitted to the Agriculture Department well before the sowing season of the crops and the programme is implemented after the same is approved by the State Agriculture Department and Government of India. The certified seed of the crops is distributed to the beneficiaries under the direct supervision of a Technical Officer of HSDC in the presence of the Sarpanch/Panch of the village concerned. Proper record of the farmers is maintained in the prescribed proforma and the progress report is submitted to the Government of India from time to time.

5.2 & 5.3 Implementation of Seed Village Scheme is the full responsibility of the Government of Haryana and HSDC. As reported by Government of Haryana, the details of wheat seed supplied under the Seed Village Scheme by HSDC since 2010-2011 are as under:—

Year	Quantity supplied (quintal)	Area covered (hec.)	Expected seed produced (quintal)
2010-11	4,284	4,284	1,07,100
2011-12	36,856	36,856	9,20,000
2012-13	9,101	9,101	2,10,000

As pointed out above in Sub-Paras 4.2 to 4.4, during the year 2010-11 there was an emergent situation and HSDC faced acute shortage of certified seed of wheat. HSDC had even purchased 99,974 quintals of certified seed of wheat through NCCF and NAFED. Therefore, only limited quantity of seed could be supplied under the Seed Village Scheme during 2010-11. However, during the year 2011-12 the implementation of the scheme was started well in time in the month of November, 2011 and with the active involvement of the then Managing Director, HSDC a much larger quantity of certified seed of wheat could be distributed under the Seed Village Scheme whereas, during the year 2012-13 when Sh. Khemka was the MD, HSDC the implementation of the Seed Village Scheme was started by him only with effect from 12.12.2012 with the result that only a limited quantity of 9,101 quintals was distributed even though HSDC was having huge unsold stocks of certified seed of wheat.

It is further pointed out that the average conversion rate of wheat seed in the State of Haryana is 1:25 as under the Seed Village Scheme, the beneficiary farmers are given the seed of half an acre area and they are advised to maintain isolation distance of 3 meters around the seed plot. It is also not necessary that the entire seed so produced by the beneficiary farmers would be used as seed for sowing purpose. Some of the seed so produced could also be used as grain as about 67% farmers of the State are small and marginal. Sh. Ashok Khemka, being a Computer Engineer has only made mathematical calculations by assuming a conversion ratio of 1:49 which is ridiculous as far as seed production is concerned. This also shows the lack of his knowledge of the subject. In actual field conditions in agriculture 2+2 may not always be 4.

It is surprising to note that Sh. Ashok Khemka is now levelling wild allegations regarding the implementation of this scheme. He did not take any active interest in the timely implementation of this scheme when he himself was the MD, HSDC as he started the implementation of the scheme only w.e.f. 12.12.2012 with the result that HSDC could distribute only 9,101 quintals of certified seed of Wheat under the Seed Village Scheme which deprived a large number of farmers of the State who could, have been benefited under the scheme and would have improved the stock of their farm saved seed. In fact, Sh. Ashok Khemka wants to cover up his own inefficiency and negligence in the poor implementation of this scheme during his tenure as MD, HSDC. The mere apprehension that seed distributed under the scheme would be sold by the beneficiary farmers as grain in the open market is not a sufficient ground for non-implementation of the scheme. Sh. Ashok

Khemka is claiming credit for very poor implementation of the scheme. Why did he not take steps for timely implementation of the Seed Village Scheme in the month of November, 2012 itself? Sh. Khemka was of the view that if the seed was distributed on 50% subsidy under the Seed Village Scheme, the same would adversely affect the general sale of certified seed of wheat of HSDC. Resultantly, the distribution of certified seed of wheat during Rabi 2012-13 had dropped by 75% under this Scheme as compared to the previous year. A complaint against the poor implementation of the scheme by HSDC during the tenure of Sh. Ashok Khemka was also received by the Government as the poor implementation deprived the farmers of the benefit of the said scheme. The said complaint is being inquired into by the Vigilance Department of the State Government. Sh. Khemka is projecting this as his achievement whereas such a poor implementation calls for action against him. It is also intriguing to note that Sh. Khemka in Para-5.1 has mentioned that it was reported during his field tours while posted in HSDC that the assistance under this scheme was largely misappropriated, then what prevented him from making this representation immediately after it came to his notice or why did he not make such a representation immediately after his transfer from HSDC on 4.4.2013? Why did it take him 8 months after his transfer to make such a representation? His representation dated 3.12.2013, therefore seems to be motivated and an after thought. It is also added here that the implementation of the seed village scheme in the State of Haryana is one of the best amongst all the States of the Country implementing this scheme. Therefore, a comparative evaluation of this scheme across all the implementing States would reveal comparative status of the quality of implementation of the scheme in Haryana *vis-a-vis* other States of the country implementing the scheme.

5.4 The response/comments received from Government of Haryana is as follows:

Sh. Ashok Khemka is trying to project himself as a champion of the farmers whereas as MD, HSDC he did not take a single step for the welfare of the farmers. In order to cover up his own lapses in implementing the seed village scheme during his tenure as MD, HSDC, he has made such a representation. The Seed Village Scheme in the State has been implemented strictly as per the guidelines governing the scheme and there has been no complaints from any farmer against the quality of implementation of this scheme. It is further submitted that the scheme in its present form is quite well conceived and is practicable and easily implementable. The farmers are motivated to adopt this scheme as they get 50% subsidy across the board and

contribute the remaining 50% from their own pocket. If Direct Benefit Transfer scheme is adopted for implementing the seed village scheme, the farmers would have to first bear 100% cost of the seed and they will be getting the subsidy of 50% through their bank account subsequently. Moreover, the amount of subsidy comes to around Rs. 250 per farmer who is provided only 20 kg of seed for sowing in half an acre area. Such a move will definitely de-motivate the farmers from adopting this scheme. However, introduction of DBT Scheme in this regard is a policy decision to be taken by the Union Government. It is relevant to point out that so far the Government of India has not been able to implement the DBT Scheme for transfer of fertilizer subsidy into the accounts of the farmers in Sonepat district of the State which had been identified as one of the districts for launching this scheme, on pilot basis as the implementation of DBT Scheme is directly linked to the Aadhar Cards which are yet to be issued to a large number of farmers.

6. The response/comments received from Government of Haryana is as follows: In view of the above Para-wise comments, the allegations levelled by Sh. Ashok Khemka in his representation dated 3.12.2013 are baseless, unfounded and imaginary which show the lack of his knowledge and understanding of the subject. He perhaps wants to cover up his own acts of omission and commission in order to prempt any action which may be taken by the Government against him for lapses on his part. If the Government of India so desires, it may get the evaluation of all the centrally sponsored schemes of the Ministry of Agriculture conducted in all the States of the country to know the comparative status of the quality of implementation of the said schemes. Only a comparative study of various States implementing various centrally sponsored schemes of the Ministry of Agriculture would demonstrate the quality of implementation in the State of Haryana *vis-a-vis* other States of the country. It is submitted that the quality of implementation of all the centrally sponsored schemes of the Ministry of Agriculture in the State of Haryana will not be found inferior to any other State of the country.

APPENDIX I

COMMITTEE ON AGRICULTURE
(2012-13)

MINUTES OF THE TWELFTH SITTING OF THE COMMITTEE

The Committee sat on Monday, the 7th January, 2013, from 1500 hours to 1725 hours in Room No. '62', Parliament House, New Delhi.

PRESENT

Shri Basudeb Acharia — *Chairman*

MEMBERS

Lok Sabha

2. Shri Sanjay Singh Chauhan
3. Smt. Ashwamedh Devi
4. Shri L. Raja Gopal
5. Shri Premdas Katheria
6. Shri P. Kumar
7. Dr. (Smt.) Botcha Jhansi Lakshmi
8. Sardar Sukhdev Singh Libra
9. Dr. Jyoti Mirdha
10. Shri Patel Kishanbhai V.
11. Dr. Vinay Kumar Pandey 'Vinnu'
12. Shri Hukamdeo Narayan Yadav

Rajya Sabha

13. Shri Satyavrat Chaturvedi
14. Smt. Mohsina Kidwai
15. Dr. K.V.P. Ramachandra Rao
16. Shri Parshottam Khodabhai Rupala
17. Shri S. Thangavelu
18. Shri Darshan Singh Yadav

SECRETARIAT

1. Shri R.S. Kambo	—	*Joint Secretary*
2. Shri P.C. Koul	—	*Additional Director*
3. Shri C. Vanlalruata	—	*Deputy Secretary*

WITNESSES

Ministry of Agriculture
(Department of Agriculture and Co-Operation)

1.	Shri Ashish Bahuguna	Secretary (A&C)
2.	Shri Siraj Hussain	Additional Secretary
3.	Shri E.K. Majhi	Joint Secretary (RKVY & DM)
4.	Shri Mukesh Khullar	Joint Secretary (Crops)
5.	Shri Atanu Purkayastha	Joint Secretary (Seeds)
6.	Shri Narendra Bhooshan	Joint Secretary (INM, M&T & Mktg.)
7.	Shri Vimlendra Sharan	Joint Secretary (Trade)

Department of Animal Husbandry, Dairying and Fisheries

Shri Sanjay R. Bhoosreddy	Joint Secretary (P&F)

Planning Commission

1.	Shri J.P. Mishra	Adviser
2.	Shri Surender Singh	Adviser

*2. *** *** *** ***

The Chairman then directed that the witnesses be ushered in.

(At about 1510 hrs., the witnesses took their seats in the Committee Room)

3. The Chairman welcomed the representatives of the Ministry of Agriculture (Department of Agriculture and Cooperation and Department of Animal Husbandry, Dairying and Fisheries) and Planning Commission. After the customary introduction, an audio-visual presentation was made on Rashtriya Krishi Vikas Yojana—An

*Matter not related to this Report.

Evaluation. Thereafter, the principal witness briefed the Committee on the Subject 'Rashtriya Krishi Vikas Yojana—An Evaluation'. The Members sought several clarifications on various aspects of the subject matter, to which the witness responded.

4. The Chairman, thereafter, thanked the witnesses for appearing before the Committee as well as for furnishing valuable information on the Subject. He also directed them to send the replies to the queries which could not be clarified by them during the Sitting to the Committee Secretariat by 14 January, 2013.

The witnesses then withdrew.

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

APPENDIX II

COMMITTEE ON AGRICULTURE
(2013-14)

MINUTES OF THE EIGHTEENTH SITTING OF THE COMMITTEE

The Committee sat on Wednesday, the 12th February, 2014 from 1500 hours to 1650 hours in Committee Room 'E' (Basement), Parliament House Annexe, New Delhi.

PRESENT

Shri Basudeb Acharia — *Chairman*

MEMBERS

Lok Sabha

2. Shri Sanjay Singh Chauhan
3. Smt. Ashwamedh Devi
4. Smt. Paramjit Kaur Gulshan
5. Dr. (Smt.) Botcha Jhansi Lakshmi
6. Sardar Sukhdev Singh Libra
7. Shri Kachhadia Naranbhai
8. Shri Hukumdeo Narayan Yadav

Rajya Sabha

9. Shri Parshottam Khodabhai Rupala
10. Shri Rajpal Singh Saini

SECRETARIAT

1. Shri A. Louis Martin — *Joint Secretary*
2. Smt. Abha Singh Yaduvanshi — *Director*
3. Shri T.H. Rao — *Additional Director*
4. Shri C. Vanlalruata — *Deputy Secretary*

WITNESSES

Ministry of Agriculture
(Department of Agriculture and Cooperation)

1. Shri Ashish Bahuguna — Secretary
2. Shri R. Jamuda — Additional Secretary
3. Shri E.K. Majhi — Joint Secretary

Department of Animal Husbandry, Dairying and Fisheries

Shri Rajbir Singh Rana	Joint Secretary

Planning Commission

Shri Surinder Singh	Advisor

2. At the outset, the Chairman welcomed the members of the Committee and the representatives of the Ministry of Agriculture (Department of Agriculture and Cooperation) and other officials to the Sitting and apprised the witnesses of the provisions of the Directions 55(1) and 58 of the Directions by the Speaker.

3. Thereafter, the representatives of the Department of Agriculture and Cooperation briefed the Committee on issues relating to the Subject 'Rashtriya Krishi Vikas Yojana—An Evaluation'. The Members sought clarifications on various issues relating to the contribution made by RKVY in the growth of Indian agriculture, evaluation of the scheme during the course of the Eleventh Plan, the roadmap for the Twelfth Plan, instances of misuse/misappropriation/re-appropriation of Central funds, the action initiated by the Central Government on such cases and mechanism put in place to check misuse/misappropriation of Central funds. The representatives of the Ministry responded to the same.

The Committee, directed the representatives of the Ministry to furnish written replies to the queries which could not be responded to readily by them.

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

APPENDIX III

COMMITTEE ON AGRICULTURE
(2013-14)

MINUTES OF THE TWENTIETH SITTING OF THE COMMITTEE

The Committee sat on Thursday, the 3rd March, 2014 from 1100 hours to 1130 hours in Committee Room 'E', Parliament House Annexe, New Delhi.

PRESENT

Shri Basudeb Acharia — *Chairman*

MEMBERS

Lok Sabha

2. Shri Sanjay Singh Chauhan
3. Smt. Ashwamedh Devi
4. Shri Premdas Katheria
5. Sardar Sukhdev Singh Libra
6. Dr. (Smt.) Botcha Jhansi Lakshmi
7. Shri Rajaiah Siricilla
8. Shri Patel Kishanbhai V.
9. Dr. Vinay Kumar Pandey 'Vinnu'
10. Shri Hukumdeo Narayan Yadav

Rajya Sabha

11. Smt. Mohsina Kidwai
12. Dr. K.V.P. Ramachandra Rao
13. Shri Rajpal Singh Saini
14. Shri S. Thangavelu
15. Shri Shivanand Tiwari

SECRETARIAT

1. Shri A. Louis Martin — *Joint Secretary*
2. Smt. Abha Singh Yaduvanshi — *Director*
3. Shri T.H. Rao — *Additional Director*
4. Shri C. Vanlalruata — *Deputy Secretary*

2. At the outset, the Chairman welcomed the members to the Sitting of the Committee. The Committee, then, took up the draft Reports for their consideration:

*(i) *** *** *** ***

*(ii) *** *** *** ***

(iii) Then, the Committee considered the draft Report on "Rashtriya Krishi Vikas Yojana — An Evaluation" and adopted the same, subject to addition of the following in the Report:-

(a) To insert in para 9 of the Part-II:

"The Committee desire that the CIB & RC inquiry should *inter alia,* cover the following points:—

— Reasons why the Chaudhary Charan Singh Haryana Agriculture University, Hisar recommended Tebuconazle fungicide by specific brand name of RAXIL to farmers in its Package of Practices forum approved treatment of Karnal bunt disease in wheat crop.

— Propriety and legality of the action of M/s Bayer Crop Science India publishing the recommendation of some State Agriculture Universities in its advertisements wherein RAXIL'S effectiveness in treating Karnal bunt disease in wheat crop is claimed.

— Has any study been carried out regarding the infestation of loose smut, flag smut or Karnal bunt diseases in wheat crop in Haryana before mandating the use of RAXIL fungicide in Rabi 2010-11. Was such a study carried out afterwards?

— Propriety and legality of the State Agriculture Department of Haryana spending central money on RAXIL, a specific brand of M/s Bayer Crop Science India, for unapproved treatment."

(b) To insert at the end of Para 10 of Part-II:

"The Committee further desire that the DAC should ensure that open and competitive tenders are floated where central money is

*Matter not related to this Report.

spent and that no specific brand name(s) for seeds or insecticides are specified in tender enquiries. In case private producers are prohibited from participating in a tender enquiry, the DAC should ensure that the seeds supplied are produced/co-produced by the eligible Government agency and certification of the seeds supplied is in its own name. The Central money spent on subsidizing the cost of seeds purchased from Government/Cooperative agencies in restrictive of limited tenders where private seed producers were ineligible to bid, but the seeds supplied were not certified in the name of the supplying Government/Cooperative agency should be recovered from the State Government. The DAC should take adequate steps to ensure that the benefit of Central subsidies reach the farmers."

3. The Committee authorized the Chairman to finalise the aforesaid reports on the basis of factual verification and present the same to the Hon'ble Speaker, as the Parliament is not in session.

*4. *** *** *** ***

The Committee then adjourned.

*Matter not related to this Report.